2005

JOINT APPROPRIATIONS – EDUCATION/HIGHER EDUCATION

COMMITTEE MINUTES



Joint Appropriations Subcommittee on Education
Membership List

House Members:	Legislative Assistant	Phone	Office	Seat
Rep. Douglas Y. Yongue, Co-Chair	Katie Stanley	3-5821	1303	84
Rep. Maggie Jeffus, Co-Chair	Mary Lee Robinson	3-5191	2204	6
Rep. Joe P. Tolson, Co-Chair	Shirley Phillips	5-3024	402	59
Rep. Linda Johnson, Vice-Chair	Rachel Faison	3-5861	1006	28
Rep. Jean R. Preston, Vice-Chair	Suzanne Castleberry	3-5706	603	90
Rep. Ray Rapp, Vice-Chair	Dot Barber	3-5732	2213	77
Rep. Mark Hilton	Carol Wilson	3-5988	1021	61
Rep. Larry Bell	Carolyn Edwards	3-5863	530	12
Rep. George Cleveland	Susan West	5-6707	504	110
Rep. Susan Fisher	Meredith Woodlief	5-2013	420	30
Rep. Carolyn Justice	Vivian Sherrell	5-9664	418B	16
Rep. Henry M."Mickey" Michaux, Jr.	Anita Wilder	5-2528	1227	57
Rep. Earline Parmon	Pat Christmas	3-5829	632	66
Rep. Louis M. Pate, Jr.	Edna Pearce	3-5755	607	63
Rep. John Sauls	Shara Graham	5-3012	418-C	37
Senate Members:				
Sen. Jeanne H. Lucas, Co-Chair	Nikki McDougald	3-4599	300-G	25
Sen. A. B. Swindell, Co-Chair	Mo Hudson	5-3030	629	13
Sen. Martin Nesbitt, Jr., Vice-Chair	Janette Lee	5-3001	300-B	16
Sen. John Garwood	Phyllis Porter	3-5742	1118	35
Sen. Bob Atwater	Carol Resar	5-3036	522	20
Sen. Fletcher L. Hartsell, Jr.	Gerry Johnson	3-7223	518	15
Sen. Richard Stevens	Kleist Rhodes	3-5653	515	33

NORTH CAROLINA GENERAL ASSEMBLY

JOINT APPROPRIATIONS/ SUBCOMMITTEE ON EDUCATION
2005 – 2006 SESSION



Rep. Maggie Jeffus
Co-Chair



Rep. Joe Tolson
Co-Chair



Rep. Douglas Yongue
Co-Chair



Sen. Jeanne Lucas
Co-Chair



Sen. A.B. Swindell
Co-Chair



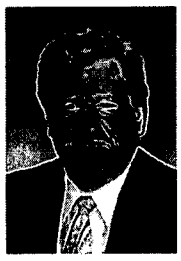
Rep. Linda Johnson
Vice chair



Rep. Jean Preston
Vice chair



Rep. Ray Rapp
Vice chair



Sen. Martin Nesbitt, Jr.
Vice chair



Sen. John Garwood
Ranking Minority Member



Rep. Larry Bell



Rep. Cleveland



Rep. Susan Fisher



Sen. Bob Atwater



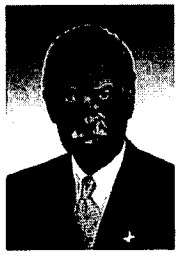
Sen. Fletcher Hartsell



Rep. Mark Hilton



Rep. Carolyn Justice



Rep. Mickey Michaux, Jr.



Sen. Richard Stevens



Rep. Earline Parmon



Rep. Louis Pate, Jr.

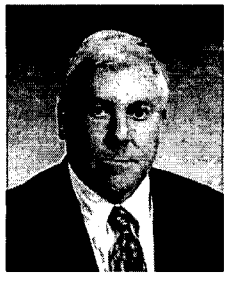


Rep. John Sauls

NORTH CAROLINA GENERAL ASSEMBLY

JOINT APPROPRIATIONS/ SUBCOMMITTEE ON EDUCATION
2005 – 2006 SESSION

Name	Name	Name	Name	Name
Name	Name	Name	Name	Name
Name	Name	Name	Name	Name
Name	Name	Name	Name	Name



Rep. Culpepper
Ex-officio



Rep. Cunningham
Ex-officio



Rep. Eddins
Ex-officio



Rep. Hackney
Ex-officio

ATTENDANCE

JOINT APPROPRIATIONS/Subcommittee on Education

	Feb.22, AM	March 1, PM	March 2, AM	March 2, PM	March 3, AM	March 9, AM	March 9, PM	March 10, AM	March 15, AM	March 15, PM	March 16, AM	March 16, PM	March 17, AM
Rep. Maggie Jeffus, Co-Chair	X	X	X	X	X	X	X	X	X	X	X	X	X
Rep. Joe Tolson, Co-Chair	X	X	X	X	X	X	X	X	X	X	X	X	X
Rep. Doug Yongue, Co-Chair	X	X	X	X	X	X	X	X	X	X	X	X	X
Rep. Linda Johnson, Vice-Chair	X	X	X	X			X			X		X	
Rep. Jean Preston, Vice-Chair	X	X	X	X	X					X		X	
Rep. Ray Rapp, Vice-Chair		X	X	X	X	X		X	X	X	X	X	X
Rep. Larry Bell	X	X	X	X	X				X	X	X		
Rep. George Cleveland	X	X	X	X	X	X	X	X	X	X	X	X	X
Rep. Susan Fisher		X	X	X	X	X		X	X	X	X	X	X
Rep. Mark Hilton	X												
Rep. Carolyn Justice	X	X					X		X				X
Rep. Mickey Michaux, Jr.	X	X				X		X	X		X		
Rep. Earline Parmon	X	X	X		X	X				X	X	X	X
Rep. Louis Pate, Jr.	X	X	X	X	X				X	X	X	X	X
Rep. John Sauls	X	X	X	X	X			X			X	X	
Sen. Jeanne Lucas, Co-Chair	X	X	X	X	X	X	X	X	X	X	X	X	X
Sen. A.B. Swindell, Co-Chair	X	X	X	X	X	X	X	X	X	X	X	X	X
Sen. Martin Nesbitt, Jr., Vice-Chair		X		X			X					X	
Sen. John Garwood, RMM	X	X	X	X	X	X	X	X	X	X	X	X	X
Sen. Bob Atwater	X	X	X	X	X	X	X	X	X	X	X	X	X
Sen. Fletcher Hartsell, Jr.			X		X		X		X	X	X	X	X
Sen. Richard Stevens	X	X	X	X	X		X	X	X	X	X	X	X
Kristine Leggett, Adam Levinson, Richard Bostic	X	X	X	X	X	X	X	X	X	X	X	X	X

ATTENDANCE

JOINT APPROPRIATIONS/Subcommittee on Education

	March 23, AM	March 23, PM	March 24, AM	March 29, AM	March 29, PM	March 30, AM	March 31, AM	April 4, PM	April 5, AM	April 5, PM	April 18, PM	May 3, PM*	May 11, AM**	May 12, AM**	June 10, AM**
Rep. Maggie Jeffus, Ch	X	X	X	X	X	X	X		X	X	X		X	X	X
Rep. Joe Tolson, Ch	X	X	X	X	X	X	X	X	X	X	X		X	X	X
Rep. Doug Yongue, Ch	X		X	X	X		X	X	X	X	X		X	X	X
Rep. Linda Johnson, VC		X			X			X							
Rep. Jean Preston, VC		X			X		X			X	X		Ex'd	X	X
Rep. Ray Rapp, VC		X	X	X	X	X	X		X	X			X	X	X
Rep. Larry Bell	X	X	X	X	X	X	X	X	X	X	X		X	X	X
Rep. George Cleveland	X	X	X	X	X	X	X	X	X	X	X		X	X	X
Rep. Susan Fisher	X	Ex'd	X	X	X	X	X	X	X	X	X		X	X	X
Rep. Mark Hilton	X		X	X	X		X	X		X			X	X	
Rep. Carolyn Justice	X		X	X		X		X	X		X		X		X
Rep. Mickey Michaux, Jr		X						X							X
Rep. Earline Parmon	X	X	X	X	X	X	X				X		X	X	X
Rep. Louis Pate, Jr.	X	X	X	X	X	X	X	X	X	X			X	X	X
Rep. John Sauls	X	X					X	X	X				X		
Sen. Jeanne Lucas	X	X	X	X	X		X	X	X	X	X	X			
Sen. A.B. Swindell	X	X	X	X	X		X	X	X	X	X	X			
Sen. Martin Nesbitt, VC		X									X	X			
Sen. JohnGarwood,RMM	X		X	X	X			X	X	X		X			
Sen. Bob Atwater	X	X	X	X	X		X	X	X	X		X			
Sen. Fletcher Hartsell, Jr.		X		X			X	X		X		X			
Sen. Richard Stevens	X	X	X	X	X		X	X	X	X		X			
Kristine Leggett, Adam Levinson, Richard Bostic	X	X	X	X	X		X	X	X	X	X	X	X	X	X

*Senate Appropriations/ Subcommittee on Education and Higher Education meeting (Senate Only)

** House Appropriations/ Subcommittee on Education meeting (House Only)

Joint Appropriations Subcommittee on Education
Agenda
Tuesday, February 22, 2005, 8:30 A.M.
Room 421, Legislative Office Building
Senator Jeanne Lucas, Presiding

I. Welcome and Introductions	Co-Chairs
II. Staff Introduction	Richard Bostic *Fiscal Research Division*
III. Schedule and Planning	
IV. The Education Appropriations Website	Kristine Leggett *Fiscal Research Division*

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

Minutes
Joint Appropriations
Subcommittee on Education

February 22, 2005

The Joint Appropriations Education Subcommittee held its first meeting on Tuesday February 22, 2005 in Room 421 of the Legislative Office Building at 8:30 A.M. The following members were present: Chairs: Senators Jeanne H. Lucas and A.B. Swindell, Representatives Douglas Y. Yongue, Joe P. Tolson and Maggie Jeffus, Vice Chairs: Representatives Linda P. Johnson and Jean R. Preston, Members – Representatives: Larry M. Bell, George G. Cleveland, Mark K. Hilton, Carolyn H. Justice, Henry M. Michaux Jr., Earline W. Parmon, Louis M. Pate Jr., John Sauls and Senators: John A. Garwood, Robert Atwater, and Richard Stevens.

The Education Fiscal Research Division was in attendance. A visitor registration list, Sergeant at Arms list, House Page list, the new Education Appropriations Website, Agenda and member attendance sheet is attached and made part of these minutes.

The Chair Senator Lucas, called the meeting to order.

Kristine Leggitt, Fiscal Research Division, explained the Subcommittee Calendar and informed the committee of the new Education appropriations Website. (copy attached)

Questions from the committee members were raised and answered.

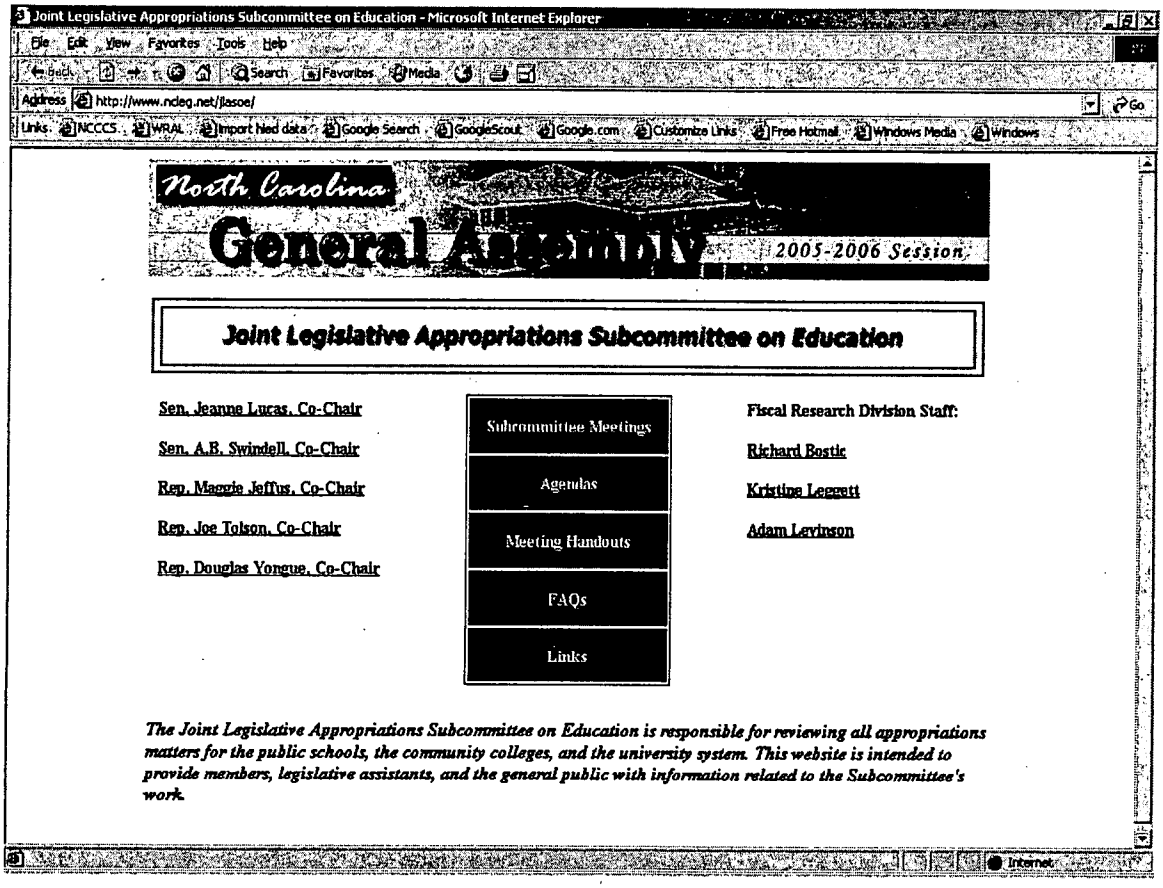
There being no further business the chair adjourned the meeting.

Jeanne H. Lucas
Senator Jeanne H. Lucas
Chair

Bernie D. Yerumo
Bernadette David-Yerumo
Committee Assistant

The Education Appropriations Website

http://www.ncleg.net/jlasoe



What is it?

The Education Appropriations Website is a central location for members, legislative assistants, and the public to find information regarding the public schools, community colleges, and university budget issues.

What's on the website?

- Meeting agendas & handouts
- Links to other Education related sites
- Tuition and fee information for the community colleges and universities
- Enrollment data for all three agencies
- Funding information
- Salary statistics
- Comparison data
- And much more…

VISITOR REGISTRATION SHEET

Approp. Education — 2-22-05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Joan Rogers	Public School Forum
Gina Hayes	SBE / DPI
Mary Poole	VTF
[illegible]	[illegible]
Trey O'Quinn	OSBM
Kristen Crosson	OSBM
[illegible]	office of the Gov
Ann Mc[illegible]	Gov's Office
Katherine Joyce	NCASA
Hilary Arthur	NCASA
Leanne Winner	NCSBA
Anne Bander	OSBM
Elizabeth Troutman	OSBM
Bryan J Conrad	OSBM
John McHugh	Gov office

VISITOR REGISTRATION SHEET

APPROP. Education — 2-22-05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
BRUCE LADD	SEN. ATWATER
Michael Hogsed	NCAE
Marcus Dunk	NCAE
John Garwood	Senate
PATRICK T. BUFFKIN	NCGA Research Div
Jill Maynard	G. Peyton Maynard & Assoc.
Mark Fleming	University System
Kelvin Briggs	NCCCS
Hal Miller	NCACCT

House Pages

1. Name: Phillip Connelly
   County: Johnston
   Sponsor: John Hall
2. Name: Bright Light
   County: Catawba
   Sponsor: Austin Allran
3. Name: Jason Hawkins
   County: Duplin
   Sponsor: Charlie Albertson
4. Name:
   County:
   Sponsor:
5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: Curtis Dowd
2. Name: Wade Anders
3. Name: Charles Williams
4. Name:

Joint Appropriations Subcommittee on Education

Agenda

Tuesday, March 1, 2005, 2:00 P.M.

Room 424, Legislative Office Building

Representative Jeffus, Presiding

I. Welcome

Representative Jeffus

II. Public Schools

Dr. Kathi Gibson, *Superintendent, Weldon City Schools*

Dr. Donald Martin, *Superintendent, Winston-Salem/Forsyth County Schools*

III. Community Colleges

Dr. Gordon Burns, *President, Wilkes Community College*

Dr. Deborah Lamm, *President, Edgecombe CC*

Mr. Danny Nelson, *Former Student, Pitt CC*

IV. Universities

Dr. James C. Renick, *Chancellor, NC A&T*

Dr. James Moeser, *Chancellor, UNC-Chapel Hill*

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

Minutes

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

March 1, 2005
2:00 P.M.

The House Appropriations Subcommittee on Education met on Tuesday, March 1, 2005, in Room 421 of the Legislative Office Building at 2:00 P.M.

Seven Senators were in attendance. The following Representatives were present: Jeffus, Tolson, and Yongue, Chairs; and Johnson, Preston, Rapp, Vice-Chairs; Bell, Cleveland, Fisher, Justice, Michaux, Parmon, Pate, and Sauls, members. Mr. Adam Levinson, Mr. Richard Bostick and Ms. Kristine Leggett of the Education Fiscal Research Division, were present.

Chair Jeffus called the meeting to order and mentioned that they were on a very tight schedule. She asked the speakers to limit their remarks as Session is scheduled for 3:30 p.m. Following the remarks, they will take five minutes for questions. If you do not have your question answered, please write it down for staff, and they will get the answer to you at the next meeting.

Chair Jeffus introduced the pages and the Sergeant-at-Arms and thanked them for the help they provide for the committee.

PUBLIC SCHOOLS

Dr. Kathi Gibson, Superintendent, Weldon City Schools was introduced to present her thoughts on public Schools. In Eastern North Carolina, we must continue to improve performance. Last year they made tremendous strides in Weldon. Poverty affects the students in many ways such as poor emotional and social behavior. On behalf of Eastern North Carolina they need flexibility. They need to be fully funded for low-wealth schools and the disadvantaged student supplemental funds. The Governor's budget with full funding of low wealth schools over the next two years is a step in the right direction. Ninety percent receive free or reduced lunch. Their budget would be better if LEA discretionary funds would go away (forces cuts) to meet needed programs. They need better technology and teachers to received better pay. Recruitment is a must to hire teachers and she requested that they make it easier for teachers from Virginia to become teachers in North Carolina.

Chair Jeffus introduced **Dr. Donald Martin, Superintendent, Winston-Salem/Forsyth County Schools**, to make his presentation. He brought a printed handout for his presentation in its entirety. (Attachment A)

Senator Nesbitt asked Dr. Martin about the cuts in the Governor's budget and was answered by Mr. Adam Levinson, staff.

COMMUNITY COLLEGES

The next presenter was **Dr. Gordon Burns, President, Wilkes Community College**. The State's investment in Community Colleges is an investment. They have experienced thirty-six percent increase in enrollment in a three-year period (2001-2004). Their increases come from displaced workers due to the closing of factories, etc. and high school students through growing partnerships with public schools are currently enrolling in community colleges. They offer baccalaureate and graduate degree programs from Appalachian State University, Winston-Salem University and private colleges and universities, as well. Many of the high school students attend to give them a head start on their college education. In addition to the traditional delivery, their technology initiative and development, they offer curriculum courses at each of the six area high schools. Enrolling cumulative over four hundred high school students during this current year. They are expanding their partnership this fall offering an afternoon college. All of the growth has occurred when the economy has been suffering when the state's budget has been restricted. This has complicated management of the institutions. Our teachers and staff are over-worked and under-paid and there needs to be something done for them.

Dr. Deborah Lamm, President, Edgecombe Community College, was recognized by Chair Jeffus as the next presenter. Dr. Lamm stated that Edgecombe Community College system needs full support, as the 2005 budget is prepared. Their priorities are funding for enrollment growth, financial aid, equipment and salary improvement. They have experienced a twenty percent growth in the last four years. They strive to maintain quality even after having faculty teaching more students and more courses. Funding for enrollment growth will ensure the higher power teaching our students expect. Financial aid is also a priority that directly affects our students. Sixty percent of Edgecombe students receive financial aid either through Pell Grants or scholarships. Equipment funding is most important to have for customized training. Edgecombe is the county's main provider for workforce training and retraining. Equipment funding enables them to provide customized training for several industries. Salary improvement is essential for faculty and staff. Funding is significant for community colleges in areas like Eastern North Carolina. One way the college has been successful in providing programming and services despite limited funding is through partnership with other agencies.

Chair Jeffus introduced **Mr. Danny Nelson, former student, Pitt Community College** for his presentation. He was previously in the automotive industry and the company decided to close the plant. He had worked for the company for twenty-three and half years and thought that he would retire there. After the closing of the plant, he had to make a decision as to what to do. He decided to attend the community college. His instructor was very helpful and worked with him as it had been many years since he attended school. Because of the courses he took at Pitt Community College, he is now

employed in pharmaceuticals in Greenville, North Carolina, for five months. The pay is great and still able to take care of his family. He thanked the committee for supporting community colleges as it makes a difference in the lives of people such as him.

UNIVERSITIES

Chair Jeffus recognized **Dr. James C. Renick, Chancellor, North Carolina A&T.** He stated that he would like to point out some priorities. First, full enrollment growth funding is necessary to help them meet the needs of the students in the classrooms and laboratories. They project that their growth will continue. Another priority is focused growth initiatives to meet needs of expanding/changing workforce. New masters programs have been added. Next, they are a "land-grant" university. The 1998 Farm Bill forces North Carolina to match federal funds of $1,000,099.00 for the 2005-07 budget. Their Financial Aid Program is one of the Board of Governors highest priorities. This is a need-based financial aid program. The Governor's proposed budget provides two percent salary increases for state employees including the universities' employees. This is critically important. Economic development and technology transfer is another priority for the university.

Dr. James Moeser, Chancellor, UNC-Chapel Hill, presented the vision of being the leading public university in America for the State of North Carolina. He covered two key points. The Carolina covenant is a program that provides students a means to complete their education debt free. They have to work eight to ten hours a week in a work-study program and are provided the resources for their education. The purpose of the covenant is to send a strong message to poor families across the state that they may be highly selected by the University. There is no financial barrier. If a student can do the work, they can be admitted. The next point is the role of a major research university in our state. The key is a powerful research base. He covered the number of grants that the school has received and their importance.

Chair Jeffus announced that the Committee will meet tomorrow at 8:30 A.M. and the Office of State Budget Management will cover the Governor's proposed 2005-2007 budget. They will meet again at 2:00 P.M. for a discussion of the public education budget. The meeting will be held in Room 421 of the Legislative Office Building

The meeting adjourned at 3:15 p.m.

Respectively submitted,

Rep. Maggie Jeffus
Representative Margaret (Maggie) M. Jeffus
Presiding Chair

Mary Lee Robinson
Mary Lee Robinson
Committee Assistant

attachment A.

Presentation to the Joint Education Appropriations Committee
March 1, 2005
Don Martin, Superintendent
Winston-Salem/Forsyth County Schools

Introduction

After three straight years of significant budget cuts, public schools can ill afford a fourth year. Even counties considered "wealthy" have not been able to appropriate funds to cover the losses in state funding, due to local increases in Medicaid and other Social Services requirements. Like you (the General Assembly), we have made all of the budget reductions that were the "easiest" to handle and used up all of our one-time and postponement strategies.

Examples of Past Budget Reductions

As you know, over 90% of our total non-capital budgets are for people. Most of the remaining 10% is critical to our being able to operate, such as utility costs, building and grounds maintenance, and instructional supplies, materials, equipment, and books. We have done everything possible to avoid cutting people budgets; people directly impact students. We cut local staff development funding over 50%. We cut central support for supplies and equipment for ancillary programs, such as media centers and the arts. We postponed all non-emergency maintenance projects and vehicle and equipment replacements. We secured a master lease and began financing as many purchases as possible, from textbooks to computers, knowing that all we were doing was postponing expenses into future budget years.

Prior to the years of state budget cuts, we had already eliminated over $1 million in central office support staffing, to the point that our principals and teachers were feeling the reduction in services and asked us to hold on further central staff reductions. Even so, we have eliminated several more central office positions in the past three years. (In fact, DPI has calculated a new statistic to measure central office staffing between school districts using a ratio of central office administrators per 1000 students in ADM. This year the WS/FC schools had a ratio of 1.33 per 1,000 students in ADM. We have the 12th lowest ratio of 115 districts and the lowest among the five urban districts – Durham, Forsyth, Guilford, Mecklenburg, and Wake.)

Then the reductions got more severe. We flip-flopped our school schedules and totally revamped our transportation system to save $600,000 - our buses now serve three or four schools instead of two. As you can imagine, customer service has declined and we are still grappling with late buses. We reduced teacher assistant support at the secondary schools by almost $500,000 by eliminating in-school suspension assistants. We implemented a new custodial support formula, saving $300,000 per year in custodial staffing. Finally in desperation, two years ago we put a one-year hold on hiring our student-growth generated teacher positions, which had the effect of increasing class sizes, particularly at the secondary school levels.

Specific Response to the Governor's Budget Proposal

The $72 million Discretionary Reduction, that the Governor proposes to keep in place, is the direct and ongoing cause of the painful reductions I just mentioned. No other state agency that I am aware of has to continue turning back state funding that is appropriated to them.

The Winston-Salem/Forsyth County School system is growing by almost 1,000 students per year. In terms of facilities, that translates into an annual need for 1.5 additional schools along with the necessary furniture, supplies, and equipment. Our County taxpayers have approved two bond referendums during the past ten years to help us build many of these new classrooms, but we still operate with 376 mobile classrooms. I'm sure that

you would agree that both you and the public would criticize us if we were not planning multiple years into the future. Most recently we have been grappling with construction cost inflation from our 2001 school bond referendum. We have assembled a plan that includes some additional local money from our Commissioners and commits all of our Public School Building Capital Fund (PSBCF) money for the next three years. The Governor's plan to reduce this fund by $15 million would send us back to the drawing board and require us to convince our County Commissioners to allocate additional funds. In order to plan effectively, we need to be able to count on certain revenue streams or have the statutory authority to generate our own revenue.

We just implemented NCWISE in over 3,000 classrooms three weeks ago. The technology hardware and infrastructure costs have been significant. Only through a strong local business commitment to funding school technology (in 2001 our Touched by Technology campaign raised $8 million) has Forsyth County been able to afford to be in Phase 1 of the NCWISE implementation effort. The Governor proposes a $5 million reduction in the already small state commitment for instructional technology. More so than us, the almost 100 school districts yet to implement NCWISE need every dollar possible to upgrade technology in their classrooms if you and they expect to be able to implement the benefits of the state's investment in NCWISE.

I will end on a subject that I have been involved with for nearly eleven years - the *Leandro* case. The *Leandro* case has concluded that North Carolina is not providing a sound basic education for all of its students. Hundreds of thousands of students across North Carolina are significantly at risk due to poverty and many other factors. The Governor proposes to fully fund the Low Wealth formula over the biennium, something that is needed to allow low wealth counties to offset their inability to provide local dollars for schools. Remember however, that the local dollars for schools are primarily targeted at operational and facility needs, not instructional needs. Forsyth County's sizable annual student growth takes every new local dollar available to meet our ever expanding operational and facility needs, and has done so for the past 15 years.

As you are aware, the State Board of Education, the low wealth districts, the urban plaintiff interveners, and Judge Manning have agreed that the Disadvantaged Student Supplemental Funding (DSSF) formula could equitably distribute funds to support disadvantaged students throughout North Carolina. The Governor proposes only to continue a small pilot of the DSSF appropriation for 16 school districts for both years of the biennium. In the meantime, every county has disadvantaged students who would be eligible to receive DSSF funds that would help us meet their needs (like smaller class sizes in middle and high schools). These children in every school district need and deserve additional state funding sooner than 2007-08.

BUDGET RECOMMENDATIONS FOR FY 06 and FY07

1. Reduce the discretionary budget reduction back to the $44.3 million level of 2003-04.
2. Restore the Governor's proposed reductions in Public School Building Capital Funds and the Technology Fund.
3. Adopt a five-year phase-in of both the Low Wealth and Disadvantaged Student Supplemental Funding formulas.
4. Fund the State Board's recommendation that the state support a full-time technology facilitator for every school that has an 8th grade (estimated cost - $32.6 million).
5. Consider authorizing another statewide school bond issue in 2006 (the last one was in 1996).
6. High school reform has received a lot of national publicity recently. We have one Gates high school in operation –The Winston-Salem Preparatory Academy – a partnership with Winston-Salem State University supported by Gates Foundation money, administered by the Thurgood Marshall Fund (one of three such partnerships in America). In addition we are opening a new technology high school next year and are applying for Gates Foundation money to support the school's three technology academies. I would encourage the General Assembly to support a request from the State Board of Education to fund more administrative staffing for these small high schools. I am convinced that small learning communities will improve student achievement in high schools.

from Shirley Prince

Hi Doug,

I am writing you from home where I am trying to get well with a bout of what the doctor thinks is bronchitis. As you may have heard, I was supposed to speak to the Joint Education Appropriations Committee on Tuesday. Obviously, I will be unable to attend. I'm sure you will be there, so I thought I'd give my thoughts to you in case you have an opportunity to share them. Here goes;

1. Full funding of Low Wealth over the next two years is the best thing about the Governor's budget. That should definitely stay.
2. The worst thing about the budget is the continuation of the discretionary cut. For us, that cut amounts to $362,000, a major blow.
3. I know this is a tight year. If I had to give advise on what to cut from the Governor's budget, I would say the additional funding for More at Four. Although, I consider this to be one of the most important interventions for at-risk students, what we have right now is sufficient for another couple of years. This year, we almost found ourselves competing for the same students as Head Start. The Head Start director came to see me worried that we were going to take their students. We've been working with DSS to make sure we're locating all eligible four-year olds, and I think the current level of funding plus what we allocate from Title 1 is sufficient for now.
4. I was very happy to see the Governor's support for high school reform. As you know, only 18% of entering 9th-graders complete a two or four-year degree within six years of high school graduation. More than 35% of those 9th-graders won't even finish high school. In today's and especially tomorrow's global economy, those are frightening statistics. We have a window of opportunity right now to fix our high schools. If we don't take it, I'm afraid we'll be dooming our high school students to a less than desirable quality of life. We'll also be dooming our country's economy and strength. (I know I'm preaching to the choir when I say all this to you.)
5. The funding for more social workers and nurses is on target. We also need quick action on clearly defining "educational neglect," and we need complete cooperation from DSS and the courts to enforce violations.
6. The emphasis on teacher recruitment and retention is great. However, in my opinion, we have to begin with one of the root causes of the teacher shortage, and I believe that cause is the low beginning teacher's salary. The gap between the beginning teacher's salary and the salary of the veteran teacher is too wide when you consider that all teachers are expected to meet the same accountability standards.
7. In summary, if I had to list the top items in the Governor's budget that needed to stay, I would say:
   Low-Wealth
   High School Reform
   Funding for Social Workers and Nurses with Social Workers being most important

Hi Doug,
Please see the attachment for my comments on the Governor's budget. I will ask Donna to fax the attachment to you as well just to make sure you get it. Thanks and so sorry I couldn't make it in person.
Shirley

Page 1 of 2

2/28/2005

For Appropriations Subcommittee on Education, 03/01/2005
Dr. Shirley Prince, Superintendent, Scotland County Schools:

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2. The worst thing about the budget is the continuation of the discretionary cut. For us, that cut amounts to $362,000, a major blow.

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7. In summary, if I had to list the top items in the Governor's budget that needed to stay, I would say:
   Low-Wealth
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   Funding for Social Workers and Nurses with Social Workers being most important

VISITOR REGISTRATION SHEET

Joint
Appropriations Subcommittee on Education — 03/01/2005
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Leanne Winner	NCSBA
Molly Ryan	NCSBA
Michael Houser	NCAE
[illegible]	NCICU
Tripp Melton	Sen. Stevens Intern
Gene Causby	NCSFSA
Kristen Crosson	OSBM
Shannon Blosser	Pope Center
Barbara Wall	UTK
CLIFF MITCHELL	NC Community College Faculty Assoc
[illegible]	WCPSS

VISITOR REGISTRATION SHEET

Joint
Appropriations Subcommittee on Education — 03/01/2005
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Fred Williams	NCCCS
Hal Miller	NCACCT
Bryan Conrad	OSBM
Kennon Briggs	NCCCS
Lucinda Nelson	NCCCS
DANNY NELSON	NCCCS
Gordon Burrus	Wilkes C.C.
Deborah Lamm	Edgecombe Community College
Fred Ayer	SBE/DPI
Janice Davis	DPI
Adam Bridgers	UNC-Charlotte
Tyler Pierce	UNC-Charlotte

VISITOR REGISTRATION SHEET

Joint
Appropriations Subcommittee on Education — March 1, 2005
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rusty Lindsey	ACS, Raleigh, NC
[signature]	Gov's office
[signature]	Ed. Info & Wks
[signature]	U.N.C.
Dave Bowen	Com Qual tchg & Learning

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education — 03/01/2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID DUNN	UNC CHARLOTTE 49ERS
Erin Schoettpelz	UNC-GA
[signature]	Public School Forum
Katherine Joyce	NCASA
Don Martin	Winston-Salem/Forsyth Co. Schools
Tricia Willoughby	DPI
Mark Fremming	University System
James Moeser	UNC Chapel Hill
James C. Renick	North Carolina A&T
Eileen Gale	Nat'l Board for Prof. Teaching Standards
Anne Bander	OSBM

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education — 03/01/2005
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
EDDIE DAVIS	NCAE
Mary Dark	NCAE
Chris Barb	NCAE
Carolyn McKinney	NCAE
Breana Greenlee	NC A+T
Camille L. Kluttz-Leach, Esq.	North Carolina A&T State Univ.
Mable Scott	North Carolina A+T State University
Rep Tracy Walker	N.C. House
Ann McArthur	Governor's Office
Elizabeth Provencher	OSBM
Phil Price	DPI

Joint Appropriations Subcommittee on Education
Agenda
Wednesday, March 2, 2005, 8:30 A.M.
Room 421, Legislative Office Building
Senator Swindell, Presiding

I. Welcome

Senator Swindell

II. Overview of the Governor's Education Budget

Anne Bander, *Office of State Budget and Management*

III. Overview of the Continuation Budget Process

Kristen Crossen, *Office of State Budget and Management*

IV. The Governor's Public Schools Budget

Elizabeth Grovenstein, *Office of State Budget and Management*

V. The Governor's Community College Budget

Trey O'Quinn, *Office of State Budget and Management*

VI. The Governor's University Budget

Trey O'Quinn, *Office of State Budget and Management*

VII. Committee Questions

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Wednesday, March 2, 2005, 8:30 a.m.

The Senate Appropriations Subcommittee on Education/Higher Education met jointly with the House Appropriations Subcommittee on Education in Room 421 of the Legislative Office Building at 8:30 a.m. Six members of the Senate were present and the following Representatives were present: Jeffus, Tolson, Yongue, Johnson, Preston, Rapp, Bell, Cleveland, Fisher, Parmon, Pate, and Sauls. The Education Fiscal Research Division was in attendance. A Visitor Registration list is attached and made a part of these minutes.

The Chair called the meeting to order. House Page Taylor Lanier, who was sponsored by Representative Russell Tucker was introduced and members from both the House and Senate Sergeant-at-Arms staffs were recognized.

Anne Bander, Office of State Budget and Management, introduced Kristen Crossen, Office of State Budget and Management, to give an overview of the Continuation Budget Process. Bander announced her retirement plans from state government and thanked the members of the committee and legislative staff for an excellent working relationship during her tenure in the Budget office.

Elizabeth Grovenstein, Office of State Budget and Management, presented the Summary of Education Budget Recommendations for 2005-2007, Agency and Budget Code (13510) and reviewed technical adjustments, reductions and expansion items for Public Schools.

Trey O'Quinn, Office of State Budget and Management, presented budget recommendation for both the Community College (16800) budget and the University (160xx). Handouts were provided and are made a part of these minutes.

Questions from the committee members were raised and answered.

There being no further business, the Chair adjourned the meeting at 10:20 a.m.

Respectfully submitted,

Senator A. B. Swindell
Chairman

Mo Hudson
Committee Assistant

Attach. 1
Sen. Goodstein

Public Education (13510)

Recommended Budget and Positions

	2005-06	2006-07
Budget		
Worksheet I Continuation	$6,585,323,929	$6,701,093,652
Technical Adjustments	($14,368,692)	($17,431,571)
Reductions	($50,413,412)	($16,753,412)
Expansion	$158,327,668	$108,946,144
RECOMMENDED BUDGET	$6,678,869,493	$6,775,854,813
Positions		
Worksheet I Continuation	504.200	504.200
Technical Adjustments	-	-
Reductions	-	-
Expansion	3.000	3.000
RECOMMENDED POSITIONS	507.200	507.200

Appropriation Items -- Recommended Adjustments

Technical Adjustments

	2005-06	2006-07
State Public School Fund		
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. The revised ADM estimate is 2,338 above the continuation level for 2005-06 and 2,082 for 2006-07. The revised budgeted ADM for 2005-06 is 1,397,372 and for 2006-07 is 1,417,112. This change resulted in a $9.4 million adjustment in 2005-06 and $6.6 million in 2006-07. Due to an adjustment in ninth grade ADM, an increase in Highway Fund receipts budgeted for the Driver Education program is also necessary.		
Requirements	**$9,402,812**	**$6,660,059**
Receipts	**$129,405**	**$126,213**
Appropriation	**$9,273,407**	**$6,533,846**

2. Average Annual Salary Adjustment

An adjustment is recommended to revise budgeted average annual salaries using actual 2004-05 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 budgeted salaries and a reduction is made accordingly. This adjustment does not reduce any salary paid to certified personnel.

	2005-06	2006-07
Appropriation	**($23,642,099)**	**($23,965,417)**

Total Recommended Technical Adjustments

	2005-06	2006-07
Recurring		
Requirements	($14,239,287)	($17,305,358)
Receipts	129,405	126,213
Appropriation	($14,368,692)	($17,431,571)
Number of Positions	-	-
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Number of Positions	-	-

Reductions

State Public School Fund

1. Public School Building Capital Fund Receipts

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. In 2003-04, $57.6 million in corporate tax revenue was deposited into this fund. Recent estimates indicate that an additional $15 million is available due to increased corporate tax collections. It is recommended that these excess funds be budgeted as a receipt in the State Public School Fund to offset the cost of public school operations.

	2005-06	2006-07
Requirements	-	-
Receipts	**$15,000,000**	**$15,000,000**
Appropriation	**($15,000,000)**	**($15,000,000)**

2. **ADM Contingency Reserve**

It is recommended that the 2004-05 nonrecurring ADM contingency reserve reduction be continued for one more year.

Appropriation - Nonrecurring	**($1,000,000)**

3. **Technology Fund**

It is recommended that the 2004-05 nonrecurring technology fund reduction be continued for one more year.

Appropriation - Nonrecurring	**($5,000,000)**

4. **Testing**

The US Department of Education granted permission to North Carolina to use end-of-course assessments for English I, Grade 10 Writing, and Algebra I for No Child Left Behind requirements starting with the 2004-05 school year. The State Board of Education (SBE) approved this action in February 2005. Based upon this action, it is recommended that federal receipts be budgeted to support the costs of these 3 tests.

Requirements	**-**	**-**
Receipts	**$1,753,412**	**$1,753,412**
Appropriation	**($1,753,412)**	**($1,753,412)**

5. **Local Education Agency (LEA) Discretionary Adjustment**

It is recommended that the discretionary adjustment enacted for the 2004-05 budget be maintained. LEAs will retain their ability to determine how to implement the adjustment.

Appropriation - Nonrecurring	**($27,660,000)**

Total Recommended Reductions

	2005-06	2006-07
Recurring		
Requirements	-	-
Receipts	16,753,412	16,753,412
Appropriation	($16,753,412)	($16,753,412)
Number of Positions	-	-
Nonrecurring		
Requirements	($33,660,000)	-
Receipts	-	-
Appropriation	($33,660,000)	-
Number of Positions	-	-

Expansion

	2005-06	2006-07

Quality Teachers, Quality Pay

1. **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 Local Boards 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. Teachers and administrators paid on these schedules will receive an average increase of 2%. Employees at the top of their respective salary schedules, who do not receive a step increase, shall be paid a one-time bonus. The funds for this are shown in the Reserves Section of this document.

2. **Reserve Fund for the National Board Certification Salary Increase for State Agency Teachers**

   It is recommended that a reserve be established in the Office of State Budget and Management (OSBM) to fund salary increases for state agency teachers who successfully complete the NBPTS certification program. The funds for this are shown in the OSBM section of this document.

3. **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. Nonrecurring funds in the amount of $100 million are recommended for awards earned in the 2004-05 school year and awarded in fall 2005, and it is further recommended that current incentive levels be maintained.

Appropriation - Nonrecurring	**$100,000,000**	

Recruiting and Retaining Quality Teachers Across the State

1. **Reserve for Online Professional Development Resource Center**

   Funds are recommended to design a Web portal that catalogues high quality professional development opportunities for teachers and principals. Funds to implement the system will be requested based on the design. The appropriation is in a reserve as shown in the OSBM budget, but this item is referenced here for information. Funding will be released upon approval of the IT project plan by the State Budget Director and the Chief Information Officer.

2. **Teaching Fellows Program for Math and Science Teachers**

Within the Teaching Fellows Program, it is recommended that a program be established for college juniors and seniors who are majoring in education and who plan to obtain licensure in middle and high school math or science. The program would begin promoting this effort in 2005-06 with the goal of awarding fifty fellowships of $6,500 each in 2006-07. Recipients would be obligated to teach for three years in North Carolina public schools or would have to reimburse the State following guidelines similar to those of the current Teaching Fellows Program. An administrative fee of approximately one and one-half percent is included to offset the costs of administering the program at the Public School Forum.

Appropriation **$330,000**

3. **Increase the Number of Teachers through UNC and NCCCS Partnerships**

It is recommended that funds be provided to The University of North Carolina and the North Carolina Community College System to expand 2+2 teacher education partnerships across the state in order to prepare teachers where they are needed most. This funding will support the development of new partnerships between UNC and NCCCS constituent institutions, new coursework, licensure reviews, and other needs. This is referenced here because of its impact on the future of North Carolina public schools; the recommended budget for the partnership initiative is $2.48 million in 2005-06 and $2.65 million in 2006-07, a portion of which would go to NCCCS and a portion to UNC and is shown in their respective sections of this document.

4. **Principals Executive Program for all New Principals**

Additional funding is also recommended in the UNC budget to support the development of PEP programs for all new principals. The programs will include a focus on the principal's responsibility for instructional leadership, data-driven decision-making and positive teacher working conditions.

Investing More Resources and Demanding More Accountability

1. **Fully Fund the Low Wealth Formula Over a Two Year Period**

The Low Wealth Funding Formula provides supplemental funds based on a county's ability to generate revenue to enhance the instructional program and student achievement throughout the State. It is recommended that the formula be fully funded over a two-year period in order to achieve these goals. Funds distributed through this formula may be used to fund one or more of the State Board of Education approved Strategies for Improving Student Performance, as identified in the Disadvantaged Student Supplemental Funding (DSSF) initiative or they may be used for strategies to recruit, support, and retain teachers. A report identifying how such funds will be used must be submitted to the State Board of Education by September 30 of each year.

Appropriation **$16,550,111** **$58,527,635**

2. **Disadvantaged Student Supplemental Funding**

It is recommended that $22.5 million be appropriated to continue the nonrecurring funding that was available in 2004-05 for identified school systems. Research and evaluation of the effectiveness of the funding will be conducted to assess the impact of strategies which were implemented in 2004-06 as described in item 4 below. LEAs receiving DSSF monies must continue to submit plans to the SBE outlining strategies to improve student performance. The SBE will develop a new funding mechanism during the 2005-06 fiscal year as described in item 3 below, for implementation in 2006-07.

Appropriation - Nonrecurring $22,500,000

3. **New Funding Formula for Disadvantaged Student Population**

It is recommended that $22.5 million in recurring funds be appropriated for the new disadvantaged student formula which will be developed by the State Board of Education during the 2004-05 fiscal year. The Board will incorporate the results of the evaluation of strategies implemented in 2004-06 and a review of the variables that are most highly correlated with student academic achievement into its funding mechanism. In addition, a new funding mechanism is being recommended that consolidates the Improving Student Accountability allotment category, the At-Risk allotment category, and the Disadvantaged Student allotment category. The SBE will report on the new formula and funding mechanism to the Office of State Budget and Management, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by February 15, 2006. The new formula will be implemented in the 2006-07 fiscal year.

Appropriation $22,500,000

4. **Evaluate the Effectiveness of Improvement Strategies**

A key component of the Disadvantaged Student Supplemental Fund initiative is that local boards of education who are eligible for this funding are to submit plans to improve student performance by following specific strategies prescribed by the State Board of Education. To determine the effectiveness of those strategies, a third-party evaluation has been incorporated to independently review the different strategies being used to determine which ones lead to improved student performance. These funds also make it possible to evaluate the other reform initiatives, including the high school reform programs and the impact of fully funding the Low Wealth formula. Up to $2.5 million dollars has been set aside for a thorough evaluation to be conducted. Of these funds, $500,000 will support the Communities in Schools program, $200,000 will assist recruiting additional teachers through Teach for America, a portion will support the ongoing Teacher Working Conditions Survey (see item 5 below), and the balance will be used for evaluating other strategies.

Appropriation $2,285,000 $2,210,000

5. **Continue Teacher Working Conditions Survey**

Funds are included to continue the Teacher Working Condition Survey, establish an advisory board to oversee implementation of recommendations from the survey, and support the NC Network in providing customized analysis for school improvement teams. The State Board of Education is also

authorized to supplement these funds with gifts or other private funds donated for this purpose.

Appropriation	**$215,000**	**$290,000**

6. School-Based Child and Family Support Teams

Funds are recommended to establish 100 school-based child and family support teams to support the educational achievement of at-risk children by better connecting public schools with health, mental health, and social services. Sites will be staffed with school nurse and social worker teams responsible for multi-disciplinary assessments, and for referral and care coordination for at-risk students and their families. Training will be developed jointly by DPI and DHHS for all child and family support teams. To ensure the effectiveness of the strategies employed, funds are provided to evaluate student and family outcomes. In addition, funds are recommended in the DHHS budget to provide local care coordination and central support.

Appropriation	**$10,665,754**	**$13,382,192**
Appropriation - Nonrecurring	**$500,000**	

21st Century High Schools

1. Learn and Earn High School Initiative

A key element of the Governor's 21st Century High School Program is the Learn and Earn initiative, created in 2004, to better prepare students for the workforce and college. An appropriation is recommended to continue to expand the Learn and Earn high school reform initiative which will continue to meet the Gates Foundation Match requirement of $10 million. The recommended funds will staff each of the participating high schools with program staff and operating expenses to support students in preparing for the workforce and college. Funds are also recommended to support the participating community colleges and universities with an on-site staff person. In addition, funding is recommended for twenty new planning sites to receive start-up grants in 2005-06 that would become operational in 2006-07. Twenty new planning sites are also recommended in 2006-07. Funds are recommended for three staff to handle administration and technical assistance.

Appropriation	**$3,247,426**	**$9,259,440**
Appropriation - Nonrecurring	**$917,500**	**$1,000,000**
Number of Positions	**3.000**	**3.000**

2. Specialty Schools Pilot

As part of the Governor's 21st Century High School Program, a pilot program is underway in seven LEAs to create eleven small high schools within existing schools with an emphasis on health and life science that have no more than 400 students per program. Each program will operate within an existing high school facility but will operate as an independent high school with its own principal, guidance counselor and two clerical positions. The program's purpose is to improve graduation rates and achieve higher student performance as measured by standard tests, post-graduate gainful

employment, and/or acceptance to an institution of higher education. An evaluation of the program will assess cost effectiveness and impact on graduation rates and student preparation for higher education and work.

Appropriation	**$1,446,877**	**$1,446,877**

3. **Center for 21st Century Skills**

It is recommended that a Center for 21st Century Skills be established within the North Carolina Business Committee for Education to design curriculum, teacher training, and student assessments to support students acquiring knowledge and skills for the emerging workforce. The center will work closely with the New Schools Project with an initial focus on high school reform. The center will also work with the NC Science, Math, and Technology Education Center, the NC School of Science and Math, the Board of Science and Technology, and governing boards of education to research and propose options to create new or expand existing math and science summer programs across the state and to establish regional math and science programs for high achieving high school students. The center will also support efforts of the Futures for Kids program that connects students with the workforce needs of their home communities. This appropriation will match a commitment from the Partnership on 21st Century Skills. The appropriation is shown in the budget for the Governor's Office, but this item is referenced here for information.

Total Recommended Expansion

	2005-06	2006-07
Recurring		
Requirements	$34,410,168	$107,946,144
Receipts	-	-
Appropriation	$34,410,168	$107,946,144
Number of Positions	3.000	3.000
Nonrecurring		
Requirements	$123,917,500	$1,000,000
Receipts	-	-
Appropriation	$123,917,500	$1,000,000
Number of Positions	-	-

Total Recommended Adjustments for Public Education 2005-07

	2005-06	2006-07
Recurring		
Requirements	$20,170,881	$90,640,786
Receipts	16,882,817	16,879,625
Appropriation	$3,288,064	$73,761,161
Number of Positions	3.000	3.000
Nonrecurring		
Requirements	$90,257,500	$1,000,000
Receipts	-	-
Appropriation	$90,257,500	$1,000,000
Number of Positions	-	-
Total Budget Adjustments	$93,545,564	$74,761,161
Total Position Adjustments	3.000	3.000

The University of North Carolina (160xx)

Recommended Budget and Positions

	2005-06	2006-07
Budget		
Worksheet I Continuation	$2,013,760,002	$2,055,233,267
Reductions	-	-
Expansion	$97,575,663	$97,252,742
RECOMMENDED BUDGET	$2,111,335,665	$2,152,486,009
Positions		
Worksheet I Continuation	32,008.200	32,363.750
Reductions	-	-
Expansion	552.370	552.370
RECOMMENDED POSITIONS	32,560.570	32,916.120

Appropriation Items -- Recommended Adjustments

Expansion

	2005-06	2006-07
Increasing Access to Higher Education		
1. Enrollment Growth for UNC Campuses		
Requirements	$85,546,598	$85,546,598
Receipts	$12,116,663	$12,116,663

The Governor recommends full funding for enrollment growth in 2005-06. Enrollment growth projections from the Board of Governors indicate an increase in enrollment for 2005-07 over the current budgeted 165,509 full-time equivalent (FTE) students. Based upon the Board's estimate, enrollment in the University is projected to increase by 6,736 FTE or 3.9% to 172,245 FTE in 2005-06 and 6,167 FTE or 3.5% to 178,412 FTE in 2006-07. This represents an increase in student credit hours (SCHs) from 4,404,905 in 2004-05 to 4,592,673 in 2005-06 and 4,759,609 in 2006-07. A portion of these funds shall be targeted to increasing enrollment in the University's Colleges of Education to ensure that there is a continued growth in meeting the need for certified public school teachers in the North Carolina Public Schools.

Appropriation	**$73,429,935**	**$73,429,935**
Number of Positions	**539.370**	**539.370**

2. **NCSSM Enrollment Growth**

It is recommended that the North Carolina School of Science and Mathematics receive $200,000 for enrollment growth. Funds will go in support of staff positions and student-related costs for increased food, medical coverage, textbooks, and furniture, as well as for salary equity, among other items.

Appropriation	**$200,000**	**$200,000**
Number of Positions	**3.000**	**3.000**

3. **Legislative Tuition Grants for Private Colleges**

The recommended increase is to support the additional enrollment of 1,643 FTE (above the current budgeted 34,412) North Carolina students in private institutions and to fund the Legislative Tuition Grant component of the Financial Aid for Private Colleges Program.

Appropriation	**$2,957,400**	**$2,957,400**

4. **Need Based Financial Aid**

The UNC Grant Program helps students with financial need attend the University of North Carolina. The Governor recommends that the 2005-06 expansion for Need-Based Student Financial Aid be fully funded as requested by the Board of Governors.

Appropriation	**$8,674,000**	**$8,674,000**

5. **Restore Financial Aid Funds Due to Pell Grant Rule Changes**

In late 2004, changes were made in the Pell Grant formula that reduce the allowances for state and local taxes paid. As a result of these changes, it has been estimated that there will be $5.2 million less support available for community college and university low and low-middle income students through this program. The Governor recommends increasing the Need-Based Financial Aid Program by this amount to offset the potential loss due to this change. The UNC portion of the $5.2 million is $3.2 million. The remainder is reflected in the NCCCS budget.

Appropriation	**$3,200,000**	**$3,200,000**

6. **State Contractual Scholarship Fund for Private Colleges**

The recommended increase is to support the increased enrollment of eligible North Carolina undergraduate resident students in private colleges and to fund the State Contractual Scholarship Fund component of the Financial Aid for Private Colleges program.

Appropriation	**$1,285,100**	**$1,285,100**

7. **Increase Funds for Prospective Teachers Scholarship Loan**

The Prospective Teachers Scholarship Loan (PTSL) Program offers scholarships in the amount of $2,500 each to undergraduates studying to become public school teachers. Currently funded at $1,252,535, there is a backlog of 900 to 1,000 students applying for loans. The first priority for awards for these additional funds shall be to

address the 2+2 Program's students. The remainder may be used to address other student backlog in the PTSL program.

Appropriation	**$1,000,000**	**$1,000,000**

Increasing Quality Teachers Across the State

1. **UNC-NCCCS Joint Initiative for Teacher Education and Recruitment**

It is recommended that funds be provided to create eight (8) positions to be based in each region in which there is a Regional Alternative Licensure Center. Working from these centers as their base, these individuals will routinely travel to their region's community colleges and universities to support the expansion of 2+2 Partnership Programs between UNC and NCCCS constituent institutions, work with prospective teachers to resolve curriculum issues between UNC and community colleges within the region to ensure seamless articulation, identify the most efficient means of course delivery for individual teacher education students (at a college site, via distance education, etc.), offer admissions advice to community college students seeking to transfer to a four-year institution's teacher education program, assist with individual reviews for lateral entry candidates, and recruit prospective teachers on community college and university campuses. These advisors will be UNC employees.

Appropriation	**$480,000**	**$640,000**
Number of Positions	**8.000**	**8.000**

2. **UNC-NCCCS 2+2 E-Learning Initiative**

UNC and NCCCS are already working closely to develop 2+2 programs online. It is recommended that funds be provided to further develop these courses to increase the number of teachers graduating, as a partnership between UNC and the NC Community College System. Based on the Education Cabinet's determination of areas of greatest need, funds would be available for support of faculty developing the necessary courses, for joint technology development and technology for online courses, for professional training in delivering distance learning, for technology purchases, or for developing systems to track students' progress between the two higher education systems. A total of $2 million is recommended, half for the UNC budget and half for the NCCCS budget.

Appropriation	**$1,000,000**	**$1,000,000**

3. **CFNC Teacher Recruitment and Marketing Online Module**

The College Foundation of North Carolina (CFNC) provides online resources that allow students all across the state to apply for college admission, financial aid, and obtain information about several universities. It is recommended that CFNC receive a recurring appropriation to create and maintain an online module focusing on recruiting prospective teachers. This module would provide future teachers with a single source for information concerning education and licensing requirements; grants, scholarships, and loan programs; online applications for both admissions and financial support; and

links to other Web sites that provide resources or programs for prospective teachers, such as Teach 4 NC and NC TEACH.

Appropriation	**$25,000**	**$25,000**

4. **Principals Effectiveness Program Technical Assistance**

Additional funding is being recommended to support the development of PEP programs for all new principals. The programs will include a focus on the principal's responsibility for instructional leadership, data-driven decision making, and positive teacher working conditions.

Appropriation	**$125,000**	**$125,000**

Other UNC Initiatives

1. **Biotechnology Initiatives**

It is recommended that $2.5 million be appropriated for biotechnology initiatives at North Carolina State University (NCSU) and North Carolina Central University (NCCU). NCCU is in the process of establishing the Biomanufacturing Research Institute and Technology Enterprise (BRITE) Initiative that will support ongoing research programs in this field and at the same time offer students the opportunity for hands-on research (both basic and applied). These funds are for needs that exceed the capital seed funding provided by the Golden LEAF Foundation. NCSU is establishing the Biomanufacturing Training and Education Center (BTEC) to serve the state's growing biomanufacturing industry by providing education for students and prospective employees in specialized topics, such as large-scale bioreactors, bioseparations, aseptic and sterile processing, and related manufacturing sciences. This funding is to meet partially a need for equipment not funded by Golden LEAF.

Appropriation	**$2,500,000**	**$2,500,000**

2. **UNC TV Closed Captioning**

It is recommended that funds be appropriated to UNC-TV to meet mandated closed captioning requirements of the Federal Communications Commission by January 1, 2006. Closed captioning is required for UNC-TV to retain its broadcast licenses.

Appropriation	**$483,978**	**$629,307**

3. **North Carolina Arboretum at UNC-Asheville**

The North Carolina Arboretum is seeking to expand its programs. It requests an additional curator position and an education program manager position to develop new programs. These positions will become effective October 2005.

Appropriation	**$65,250**	**$87,000**
Number of Positions	**2.000**	**2.000**

4. **William and Ida Friday Institute for Educational Innovation**

The William and Ida Friday Institute, which is on NCSU's Centennial Campus, will conduct research for teaching, education leadership development, propagation of educational technologies needed for the 21st century, strengthening capabilities in rural and underserved communities in the state, and fostering strategic partnerships that

encourage innovative educational approaches. Research programs are already underway and include the effects of the presence or absence of technology-rich classrooms on student learning; integrating the use of technology into middle school curricula; designing multidisciplinary programs to encourage students to continue education and careers in engineering, science, and mathematics; and developing new ways of teaching early number knowledge for K-3. Funds are recommended to support the programs of the institute.

Appropriation	**$1,000,000**	**$1,000,000**

5. **Small Business Technology Development Center**

The Small Business Technology Development Center (SBTDC) was established by the University of North Carolina in 1984. The SBTDC is the university's largest interinstitutional program and one of its largest public service programs. The SBTDC functions as a business and technology extension service, providing business counseling, management education, applied research, publications, and resource materials for the state's small to medium-sized businesses. It is recommended that nonrecurring funds be provided for the SBTDC.

Appropriation - Nonrecurring	**$900,000**	

6. **Judicial College**

The Governor recommends funding to establish a Judicial College within the UNC-Chapel Hill School of Government to provide training and continuing education for the 400 judges in the state, including specialized courses on complex legal issues, small seminars, administrative training, and other relevant topics.

Appropriation	**$250,000**	**$500,000**

Total Recommended Expansion

	2005-06	2006-07
Recurring		
Requirements	$108,792,326	$109,369,405
Receipts	12,116,663	12,116,663
Appropriation	$96,675,663	$97,252,742
Number of Positions	552.370	552.370
Nonrecurring		
Requirements	$900,000	-
Receipts	-	-
Appropriation	$900,000	-
Number of Positions	-	-

Total Recommended Adjustments for The University of North Carolina 2005-07

	2005-06	2006-07
Recurring		
Requirements	$108,792,326	$109,369,405
Receipts	12,116,663	12,116,663
Appropriation	$96,675,663	$97,252,742
Number of Positions	552.370	552.370
Nonrecurring		
Requirements	$900,000	-
Receipts	-	-
Appropriation	$900,000	-
Number of Positions	-	-
Total Budget Adjustments	$97,575,663	$97,252,742
Total Position Adjustments	552.370	552.370

Community Colleges (16800)

Recommended Budget and Positions

	2005-06	2006-07
Budget		
Worksheet I Continuation	$748,803,374	$748,813,317
Reductions	-	-
Expansion	$14,866,438	$14,879,603
RECOMMENDED BUDGET	$763,669,812	$763,692,920
Positions		
Worksheet I Continuation	182.000	182.000
Reductions	-	-
Expansion	1.000	1.000
RECOMMENDED POSITIONS	183.000	183.000

Appropriation Items -- Recommended Adjustments

Expansion

	2005-06	2006-07
Increasing Access to Higher Education		
1. **Enrollment Growth**		
The Governor recommends full funding for enrollment growth. The 2005-06 projection from the State Board of Community Colleges indicates an increase of 2,493 full-time equivalent (FTE) students above the 2004-05 budgeted number of 188,610. The 2005-06 budgeted enrollment will be 191,103 FTE, a 1.32% increase over 2004-05. Curriculum enrollment is projected to increase by 1,851 FTE or 1.25%, continuing education enrollment by 423 FTE or 1.94%, and basic skills enrollment by 219 FTE or 1.20%.		
Requirements	**$10,093,179**	**$10,093,179**
Receipts	**$2,195,200**	**$2,195,200**
Appropriation	**$7,897,979**	**$7,897,979**

2. **Community College Grant Program/Need-Based Financial Aid**

The Community College Grant Program is a need-based program established to provide NC residents attending community colleges with funds to meet their educational costs. These funds are used as

grants for students enrolled in programs with a high demand for employment in the community but with low enrollment. To serve the increased number of students needing financial assistance who enroll in community colleges, these additional funds would provide a minimum of $3,000 in aid for students identified as the "working poor" and who earn just above the Pell grant income threshold.

Appropriation	**$3,928,909**	**$3,928,909**

3. **Restore Financial Aid Funds due to Pell Grant Rule Changes**

In late 2004, changes were made in the Pell Grant formula that reduce the allowances for state and local taxes paid. As a result of these changes, it has been estimated that there will be $5.2 million less support available for community college and university low and low-middle income students through this program. The Governor recommends increasing the Need-Based Financial Aid Program by this amount to offset the potential loss due to this change. The NCCCS portion of the $5.2 million is $2 million. The remainder is reflected in the UNC budget.

Appropriation	**$2,000,000**	**$2,000,000**

Increasing Quality Teachers Across the State

1. **UNC-NCCCS 2+2 E-Learning Initiative**

UNC and NCCCS are already working closely to develop 2+2 programs online. It is recommended that funds be provided to further develop these courses to increase the number of teachers graduating, as a partnership between UNC and the NC Community College System. Based on the Education Cabinet's determination of areas of greatest need, funds would be available to support faculty developing the necessary courses, for joint technology development and technology for online courses, for professional training in delivering distance learning, for technology purchases, or to develop systems to track students' progress between the two higher education systems. A total of $2 million is recommended, half of which would be in the UNC budget and half in the NCCCS budget.

Appropriation	**$1,000,000**	**$1,000,000**

Quality Teachers, Quality Pay

1. **Faculty Salaries**

The Governor recommends providing $13.2 million for a 2% salary increase for the State Board of Community Colleges to distribute to full-time community college faculty and professional staff. This amount is in addition to any statewide salary increase that is being recommended for the 2005-06 fiscal year. The actual appropriation is located in the statewide reserve section of this document. These funds shall not be transferred by the State Board or used for any other budget purpose by the community colleges.

Other NCCCS Initiatives

1. **Equipment**

The Governor recommends providing up to $10,000,000 from the FY2004-05 credit balance to help address the equipment needs in the community colleges. In order to provide quality education and training experiences for community college students, these additional funds will help equip new and renovated facilities and meet technology training needs.

2. **Community College System Office Personnel**

It is recommended that additional funds be provided to establish an Accounting Specialist II position in the Community College System Office, effective October 2005. This position will help address increased financial management accountability and reporting requirements, including contracts and grants from external funding sources. This position will specifically provide the 58 community colleges with technical assistance in financial issues related to the new accounting system.

Appropriation	**$39,550**	**$52,715**
Number of Positions	**1.000**	**1.000**

Total Recommended Expansion

	2005-06	2006-07
Recurring		
Requirements	$17,061,638	$17,074,803
Receipts	2,195,200	2,195,200
Appropriation	$14,866,438	$14,879,603
Number of Positions	1.000	1.000
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Number of Positions	-	-

Total Recommended Adjustments for Community Colleges 2005-07

	2005-06	2006-07
Recurring		
Requirements	$17,061,638	$17,074,803
Receipts	2,195,200	2,195,200
Appropriation	$14,866,438	$14,879,603
Number of Positions	1.000	1.000
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Number of Positions	-	-
Total Budget Adjustments	$14,866,438	$14,879,603
Total Position Adjustments	1.000	1.000

VISITOR REGISTRATION SHEET

Appropriations Subcommittee Ed/Higher Education — Mar 2, 2005 8:30 a.m

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Shannon Blosser	Pope Center
Kenny Bryd	NCCCS
Michael Houser	NCAE
Rob Nelson	UNC
James O. Smith	UNC
Gregg Burks	UNC
DAVID DUNN	UNC CHARLOTTE 49ERS!
Hal Miller	Retired
Cecil Bar[illegible]	NCAE
Frank Johnson	[illegible]
Mark Stan[illegible]	UNC

VISITOR REGISTRATION SHEET

Appropriations Subcommittee Ed/Higher Education — Mar 2, 2005 8:30 a.m

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ellen Reaves	PCNC
Hilary Arthur	NCASA
[signature]	Nelson
Gene Causby	NCSFSA
Jon Maynard	GPM & Assoc.

VISITOR REGISTRATION SHEET

Appropriations Subcommittee Ed/Higher Education — Mar 2, 2005 8:30 a.m

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	WCPSS
[signature]	UIC
[signature]	~~NCASA~~
Bryan Conrad	OSBM
[signature]	SBE/DPI
[signature]	Public School Forum/NC
Ann McArthur	Governor's Off.
[signature]	UNC
[signature]	G.A. office
[signature]	EGHS
Anne Bander	OSBM

House Pages

1. Name: Taylor Lanier
   County: Duplin
   Sponsor: Rep. Russell Tucker
2. Name: _____
   County: _____
   Sponsor: _____
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: Hasa Brad Ballard
2. Name: Hasa Charles Williams
3. Name: Senate Stan Johnson
4. Name: Senate Wade Anders

Joint Appropriations Subcommittee on Education

Agenda

Wednesday, March 2, 2005, 2:00 P.M.

Room 421, Legislative Office Building

Senator Swindell, Presiding

I. Welcome

Senator Swindell

II. Overview of the Budget Process

Kristine Leggett, *Fiscal Research Division*

III. Introduction to the Public Schools Budget

Adam Levinson, *Fiscal Research Division*

IV. Committee Questions

V. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Wednesday, March 2, 2005, 2:00 p.m.

The Senate Appropriations Subcommittee on Education/Higher Education met jointly with the House Appropriations Subcommittee on Education in Room 421 of the Legislative Office Building at 2:00 p.m. Six members of the Senate were present and the following Representatives were present: Jeffus; Tolson; Yongue; Preston; Rapp; Bell; Cleveland; Fisher; Parmon; Page and Sauls. The Education Fiscal Research Division was also in attendance. A Visitor Registration list is attached and made a part of these minutes.

The chair called the meeting to order. House Page Cameron Webb of McDowell County was introduced and members from both the House and Senate Sergeant-at-Arms staffs were recognized.

Rep. Yongue was recognized to introduce Dr. D. E. Ward, a general surgeon from his district. Dr Ward was also serving the General Assembly as the Doctor of the Day.

Ms. Kristine Leggett of the Fiscal Research Division presented an overview of the budget process (Attachment 1) and outlined the schedule the committee would be following.

Mr. Adam Levinson of the Fiscal Research Division presented the Introduction to the Public Schools Budget (Attachment 2).

Questions from the committee members were raised and answered. Also, in response to inquiries at the meeting held at 8:30 a.m., Mr. Levinson provided members with handouts of the Estimated Impact of the Governor's Proposed Reduction in the Public School Building Capital Fund, FY 2005-06 (Attachment 3), as well as a handout of the Estimated Impact of LEA Discretionary Reduction, FY 2005-06 (Attachment 4).

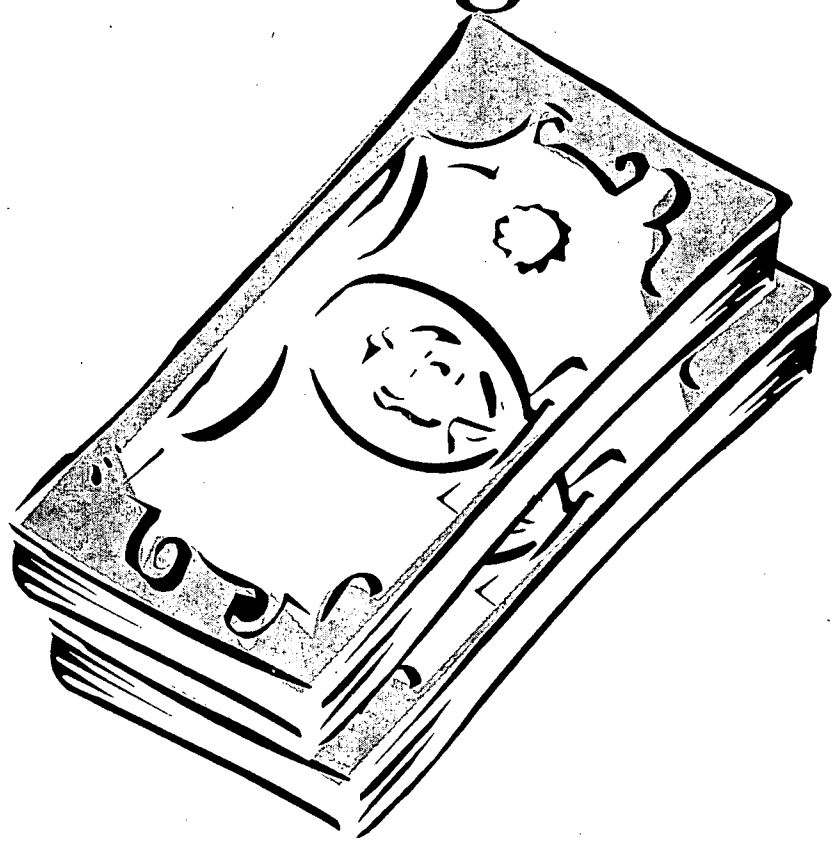
There being no further business, the Chair adjourned the meeting at 3:30 p.m.

Respectfully submitted,

Senator A. B. Swindell
Chairman

Mo Hudson
Committee Assistant

The NC Budget Process



Fiscal Research Division

NC General Assembly

February 16, 2005

Attachment 1
Kristine Leggett

Outline of Presentation

- Constitutional Requirements
- Executive Budget Act Directives
- Process
  - –Where are we now?
  - –What happens next?
- Questions

North Carolina Constitution

- **Article V [Finance], Section 7(1):**
  - State Treasury: "No money shall be drawn from the State Treasury but in consequence of appropriations made by law, and an account of the receipts and expenditures of State funds shall be published annually."

North Carolina Constitution

- Article III [Executive], Sections 5(3) and (4):
  - **Preparation**: "The Governor shall prepare and recommend to the General Assembly a comprehensive budget of the anticipated revenue and proposed expenditures of the State for the ensuing fiscal period."
  - **Administration**: "The budget as enacted by the General Assembly shall be administered by the Governor."
  - **Execution of Laws**: "The Governor shall take care that the laws be faithfully executed."

Executive Budget Act

Sets out the statutory procedures and requirements for preparing, reviewing, adopting, executing and managing the State's budget, in accordance with the Constitution.

Key Elements:

- **Directs the Governor to prepare and submit for each year in the ensuing biennium a bill containing all proposed current operations appropriations and a bill containing all proposed capital appropriations, and if necessary a bill containing revenues for the ensuing biennium (G.S. 143-12)**

- **Permits the General Assembly to reduce or eliminate any item in the Governor's Recommended Budget or to increase or add any item provided that sufficient revenues exist to cover increases (G.S. 143-15)**

North Carolina's Appropriations Process

Governor's Recommended Budget

1st Reading in Receiving Chamber

Full Appropriations

1st: OSBM, FRD, Council of State
2nd: Full Appropriations Chairs/FRD

Appropriations Subcommittees

Education | Gen'l Gov't | HHS | JPS | NER | Transportation | Capital

You are here

1. Continuation/Base Budget Review
   {reductions and adjustments}
2. Expansion Budget
3. Special Provisions
4. Adopt Subcommittee Report

House and Senate alternate preparation of the initial budget bill.

For the 2005-2007 Biennium, the Senate will prepare its budget first and send it to the House for consideration.

Full Appropriations

1. Subcommittee Chairs Report
   {budget actions/special provisions}
2. Full Chairs Report
   {salaries & benefits, statewide reserves, boilerplate provisions, capital (Senate Only)}
3. Amendments and Debate
4. Adopt Committee Substitute

House or Senate Floor

1. Full Chairs/Subcommittee Chairs Explain Bill
2. Debate and Amendments
3. Vote on 2nd Reading
4. Additional Debate and Amendments
   {if passed 2nd reading}
5. Vote on 3rd Reading
   {This will not occur on the same legislative day as 2nd reading unless rules suspended and bill is non-roll call}
6. Last Remarks

Sent to Other Chamber

1st: For 1st Reading in Receiving Chamber
2nd: For Concurrence by Originating Chamber

Originating Chamber Fails to Concur

House and Senate Appoint Conferees

1. Review Difference Documents
2. Conferees Negotiate Differences
3. Develop Conference Report Based on Agreements

House and Senate Vote on Conference Report

1. Summary and Debate
2. Vote on Conference Report

The conference report must be voted up or down as submitted by the conference committee; it cannot be amended on the House or Senate floor.

Conference Report Adopted

Budget Bill Enrolled, Ratified and Sent to the Governor to be Signed into Law

Prepared by Fiscal Research Division, December 2004

Where Are We Now?

- Subcommittee Process
  - Review continuation (base) budget
  - Consider expansion requests
  - Consider special provisions
    - Provide guidance on how funds are to be spent
    - Developed from member, agency, and/or lobbyist requests

What Happens Next?

- Joint Subcommittee will review the continuation budget for the next several weeks
- At the end of the review process the Subcommittee will split, and the Senate subcommittee will develop their report
- Senate Full Appropriations will adopt a budget
- Senate will pass a budget, and the process will begin again in the House

North Carolina Public Schools



NC General Assembly

Joint Legislative Appropriations Subcommittee on Education

Adam Levinson, Fiscal Research Division

March 2, 2005

Attachment 2

No Member Left Behind:
Goals & Objectives

All Members of Subcommittee will:

- **be at least proficient (fluent?) speakers of "Public Schools"**
  - **Public Schools Terminology**
- **understand the basic scope, structure, and elements of the PS budget**
  - **Overview**
- **understand the "nuts and bolts" of the key elements PS budget**
  - **Formulas**

Public Schools Terminology: "LEA"

LEA = **L**ocal **E**ducation **A**gency

= Local School District

= Local School System

Public Schools Terminology: "ADM"

ADM = **A**verage **D**aily **M**embership

= the number of students expected to be in the schools in a given month.

...for budgeting purposes, used to represent the ***student population****.*

Public Schools Terminology: "Allotment"

Allotment = Allocation

= Amount Budgeted

= Amount available for use in the LEAs

= **"how the money goes out"**

...each LEA receives an allotment, which consists of various sub-allotments (teachers, textbooks, etc.)

North Carolina Public Schools Funding Overview



NC General Assembly

Joint Legislative Appropriations Subcommittee on Education

March 2, 2005

Overview of Presentation

- **Mandate to Fund NC Public Schools**
  - State v. Local Responsibility
- **State Funding**
  - Public Schools v. Other Agencies
  - National Comparison
  - Budget Drivers
- **Other Sources of Funding**
- **Local Control (= Flexibility)**

NC Constitution, Article IX

- Section 2: "…General Assembly shall provide through taxation and otherwise for a general and uniform system of free public schools… wherein equal opportunities shall be provided for all students."

- Section 5: "The State Board of Education shall supervise and administer the free public school system and the educational funds provided for its support."

NC General Statute 115C-408(b)

- mandates that the State… "provide from State revenue sources the instructional expenses for current operations of the public school system as defined in the standard course of study."

- mandates that…"the facilities requirements for a public education system will be met by county governments."

NC Public Schools: *Quick Facts*

FY 2004-05

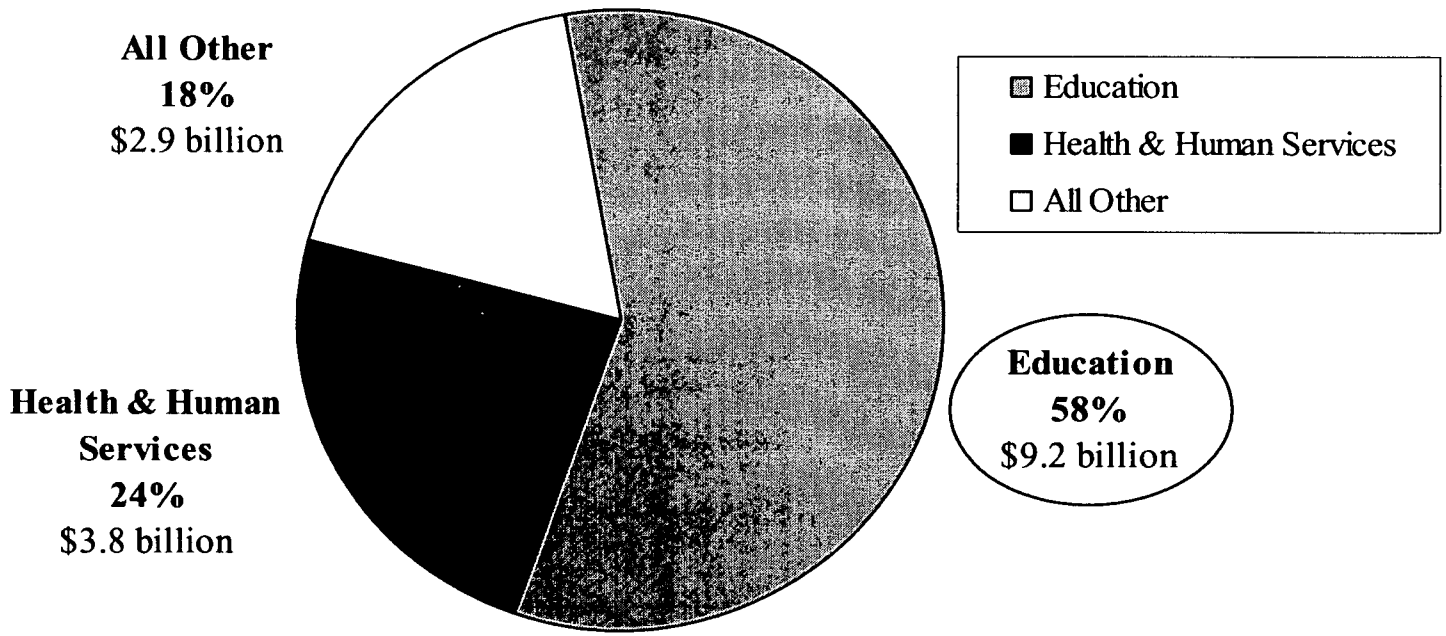
- 115 Local Education Agencies ("LEAs")
- 2,286 Schools (including 97 Charter Schools)
- 90,657 Teachers (78,424 State-funded),
  28,328 Teacher Assistants (21,142 State)
  4,837 Principals/Asst. Principals (3,922 State)
  174,609 Total Full-Time Personnel (132,045 State)

Source: Department of Public Instruction (DPI), Highlights of the Public Schools Budget, 2005.

Education Share of General Fund Appropriations

FY 2004-05

Total Appropriations: $15.9 billion

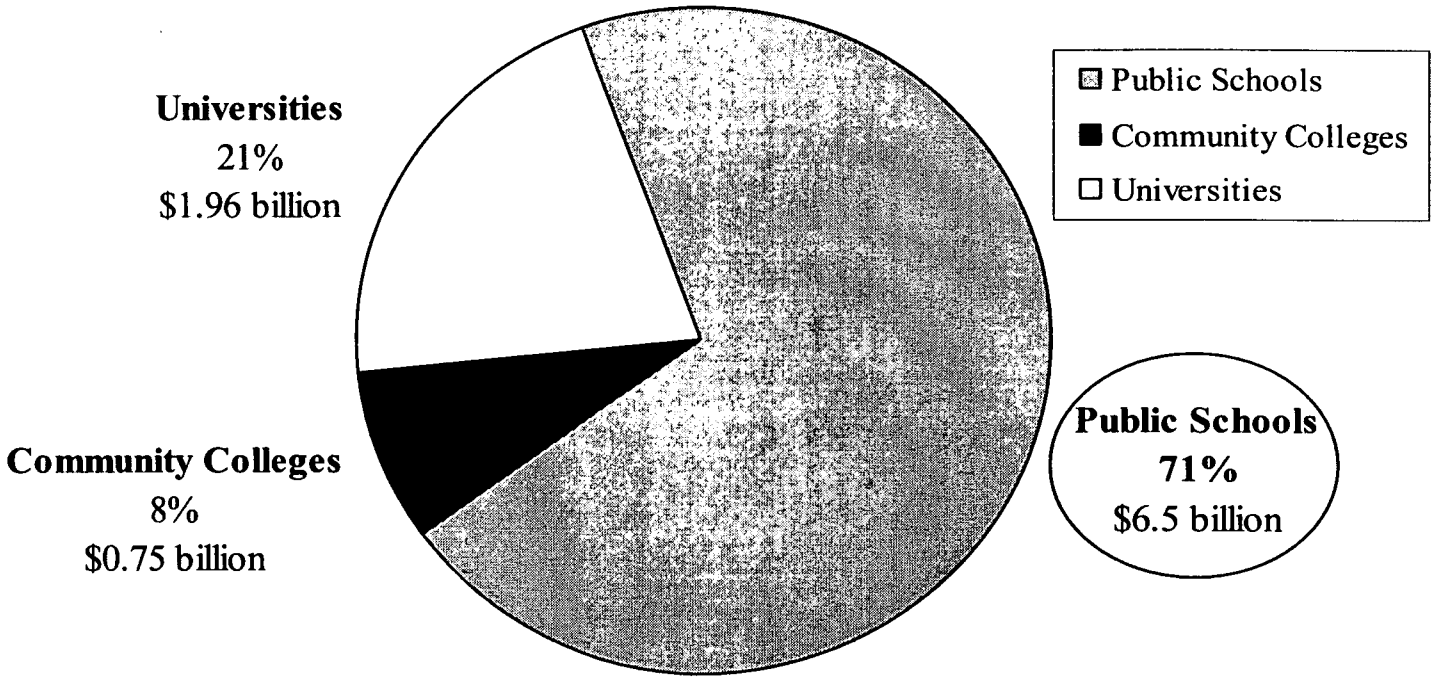


Source: NC General Fund Operating Appropriations, FY 2004-05.

General Fund Appropriations for Education

FY 2004-05

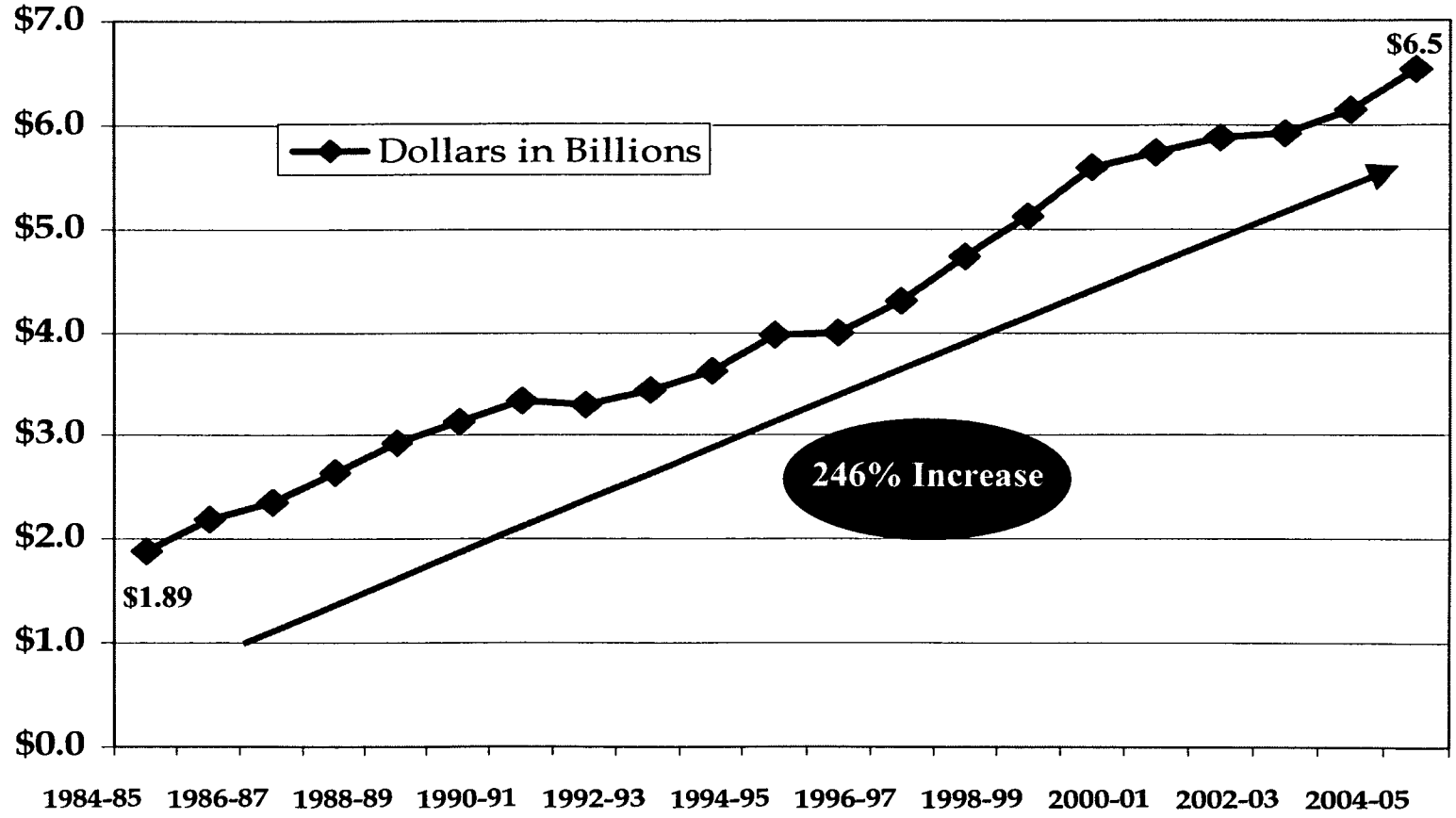
Total Appropriations: $9.2 billion



Source: NC General Fund Operating Appropriations, FY 2004-05.

State Funding for Public Schools

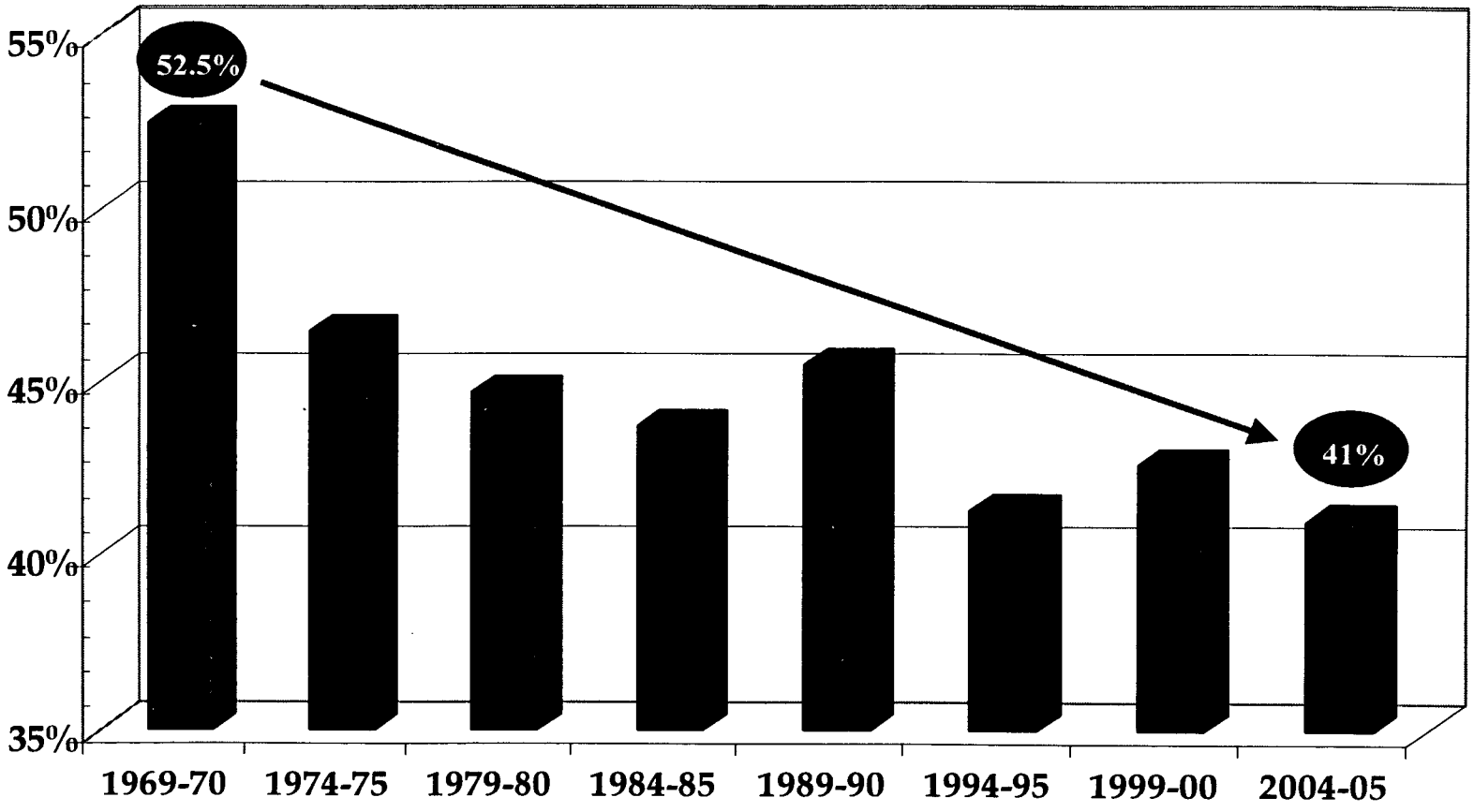
FY 1985 - 2005



Source: Department of Public Instruction (DPI), Highlights of the Public Schools Budget, 2005.

Public Schools Share of General Fund Appropriations

FY 1985 - 2005



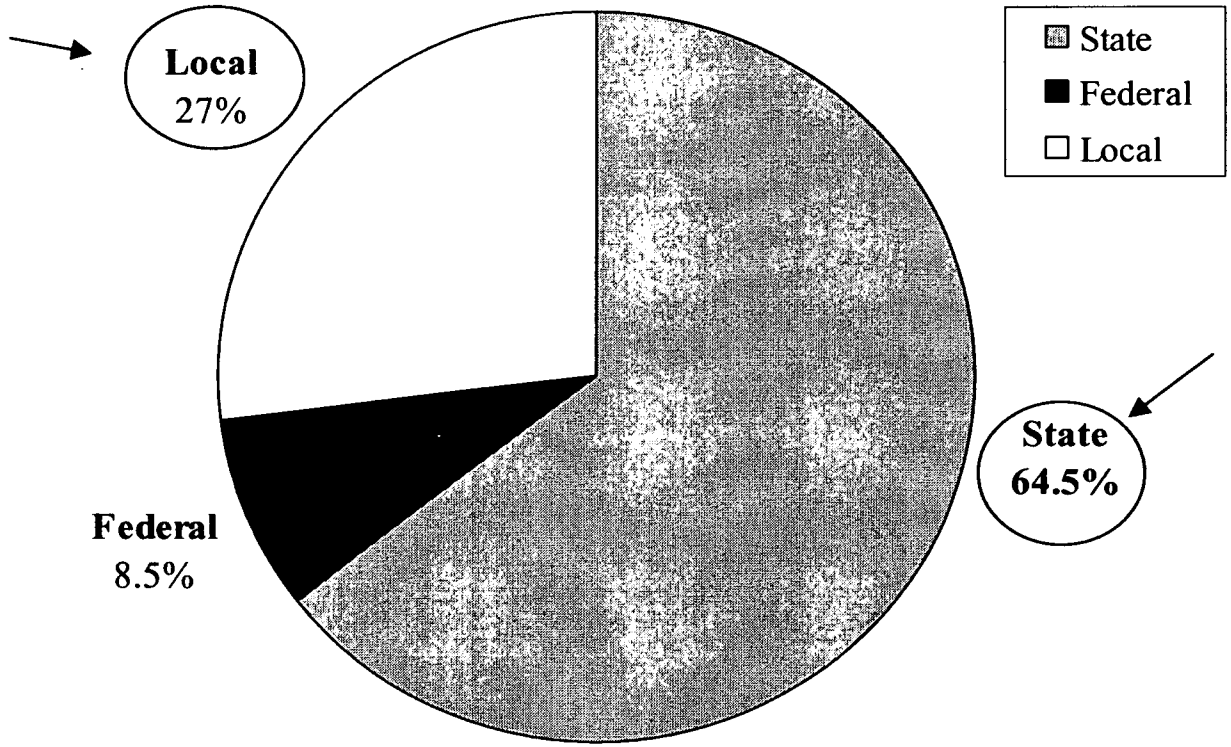
Fiscal Research Division
March 2, 2005

Source: DPI, Highlights of the Public Schools Budget, 2005.

NC Public Schools: Revenue by Source of Funds

FY 2001-02

Total Revenue: $9.3 billion

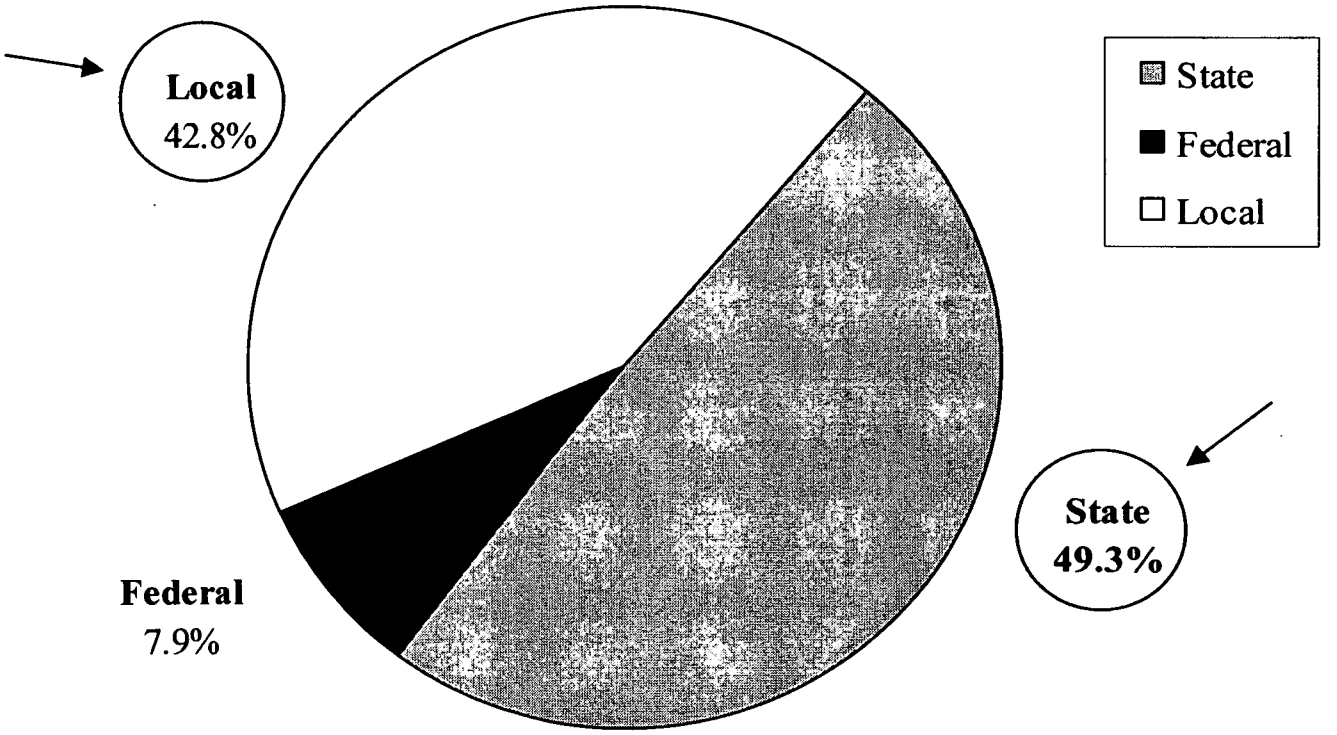


SOURCE: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "National Public Education Financial Survey," 2001–02.

US Public Schools: Revenue by Source of Funds

FY 2001-02

Total Revenue: $420 billion

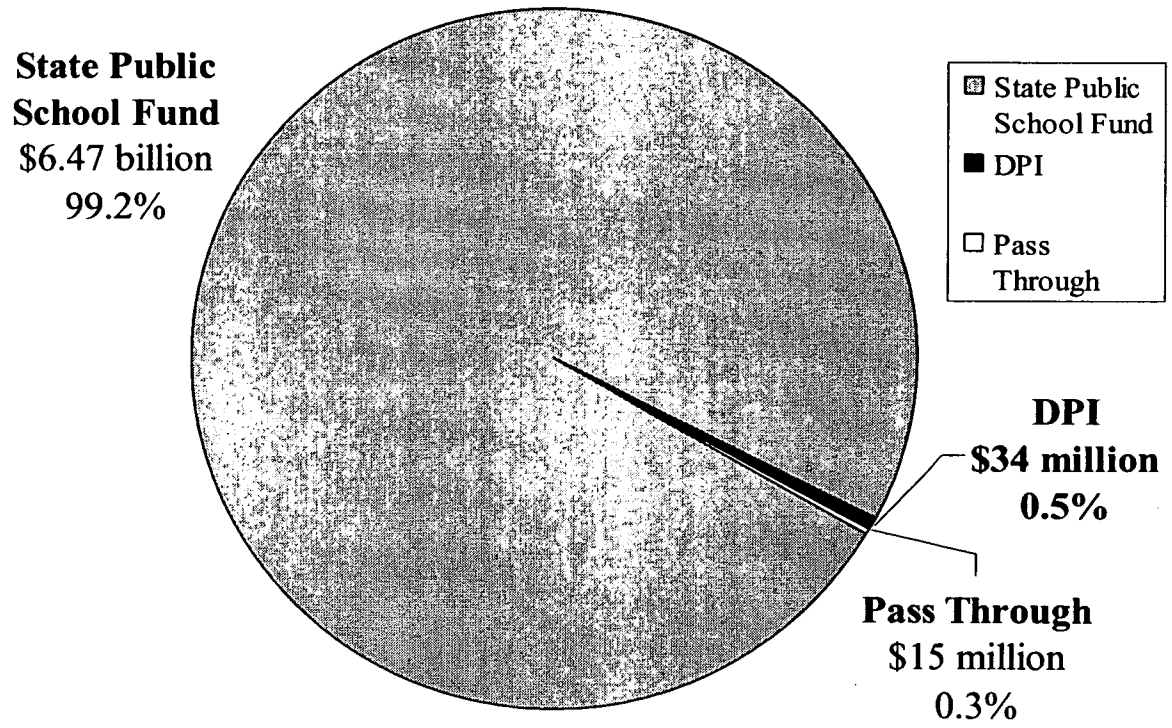


SOURCE: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "National Public Education Financial Survey," 2001–02

Distribution of State Appropriation for Public Schools

FY 2004-05

Total Appropriation: $6.5 billion



Source: December 31, 2004 Authorized budget (BD 701)

State Public School Fund (SPSF): Allotments to LEAs

A "Foundation" approach

Supplemental Allotments:
address conditions that can create disparities among students
(special needs, at-risk, LEP, low wealth, vocational ed., etc.)

Basic Allotments:
"what every student needs"
(teachers, principals, instructional support, classroom materials, etc.)

"how the money goes out"

State Public School Fund (SPSF): Basic Allotments

FY 2004-05 General Fund Appropriations

Allotment Category	Budgeted Positions	Budgeted Funds
General Administration		
Central Office Administration		$101,434,583
Instructional Personnel and Related Services		
Classroom Teachers	64,712.50	$2,455,268,691
Teacher Assistants		$377,866,513
Instructional Support (Counselors, Social Workers, Psychologists, etc.)	6,983.50	$297,554,429
School Building Administration	4,051.60	$233,433,692
Classroom Materials/Instructional Supplies/Equipment		$65,569,689
Textbooks		$81,126,220
Annual Leave		$25,852,075
Mentor Pay		$8,100,140
ABC Incentive Awards		$108,000,000
Estimated Matching Benefits		$662,391,415
Subtotal		**$4,315,162,864**
Support		
Noninstructional Support Personnel		$309,077,459
Subtotal		**$4,624,240,323**

State Public School Fund (SPSF): Supplemental Allotments to LEAs

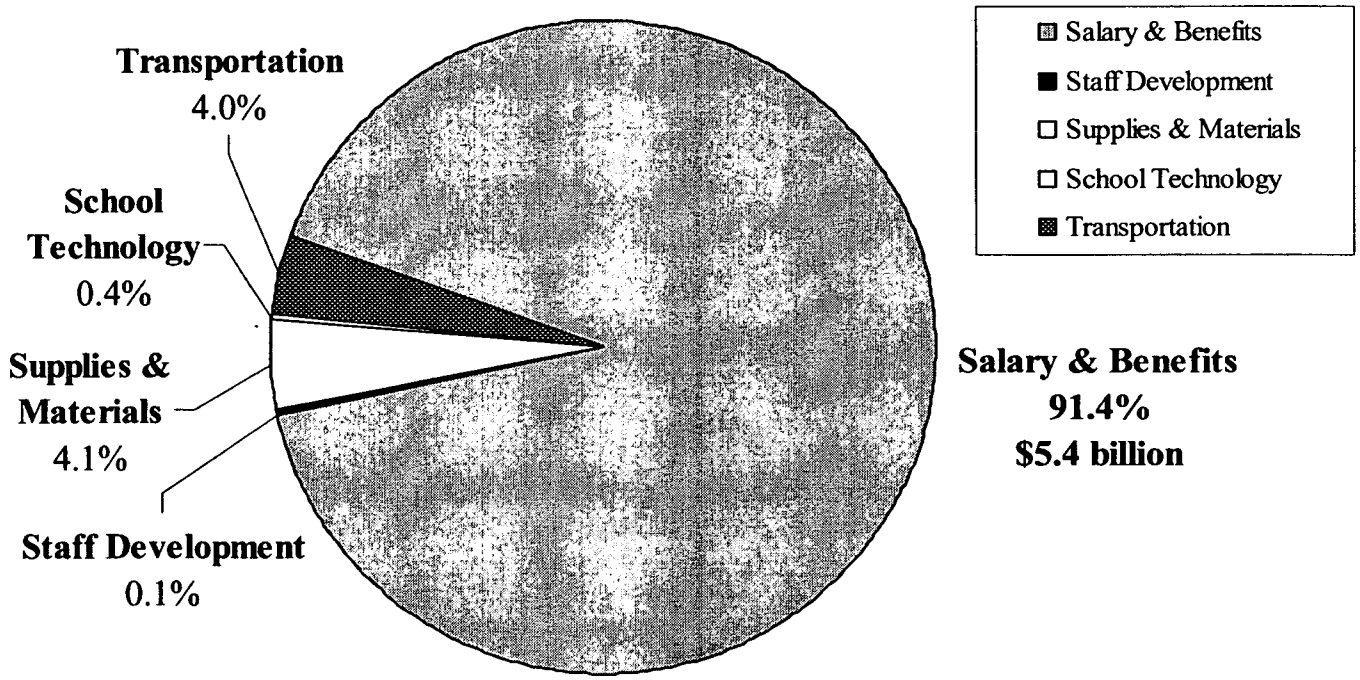
FY 2004-05 General Fund Appropriations

Allotment Category	Budgeted Positions	Budgeted Funds
Categorical Programs		
Academically & Intellectually Gifted		$50,739,625
At Risk Student Services/Alternative Schools		$186,280,082
Children with Special Needs		$548,067,517
Continually Low-performing - extended contract days	7.22	$273,898
Driver Education (Highway Fund)		$31,939,945
High Priority - extended contract days	54.76	$2,077,380
Improving Student Accountability		$34,846,211
Intervention/Assistance Teams		$2,864,985
Limited English Proficiency		$38,643,103
Low Wealth Supplemental Funding		$109,382,460
School Technology		$5,000,000
Small County Supplemental Funding		$37,489,844
Staff Development		$12,000,905
Transportation		$283,265,988
Vocational Education	5,889.70	$319,319,561
Subtotal		**$1,662,191,504**

NC Public School Fund: Distribution of Expenditures

FY 2003-04

Total Expenditures: $6.2 billion



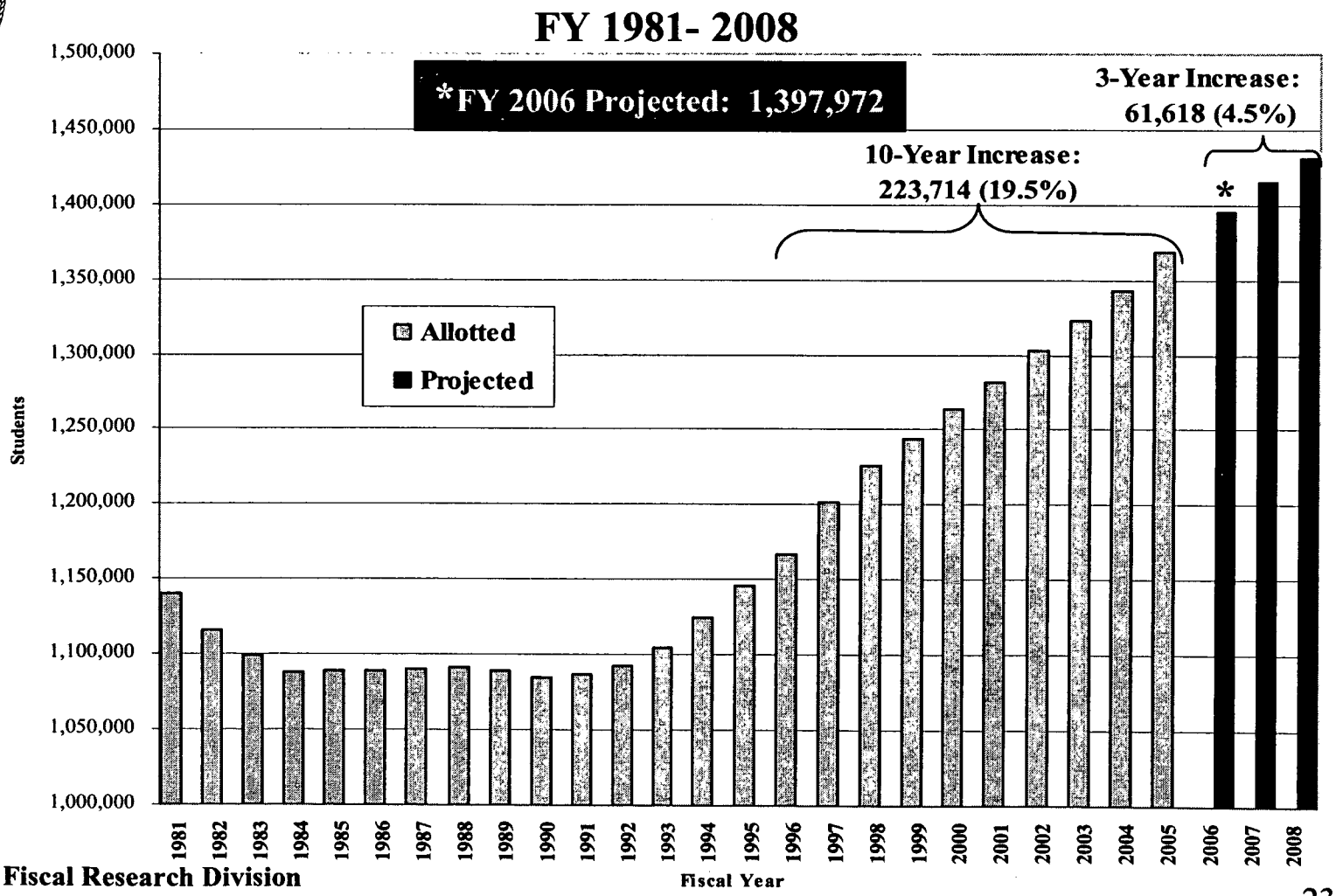
Source: Department of Public Instruction, Highlights of the Public Schools Budget, 2005.

Budget "Drivers"

- **Average Daily Membership (ADM)**
  - Increased by ~ **20,000/year** past 6 years
  - Translates to **$100+ million** increase per year

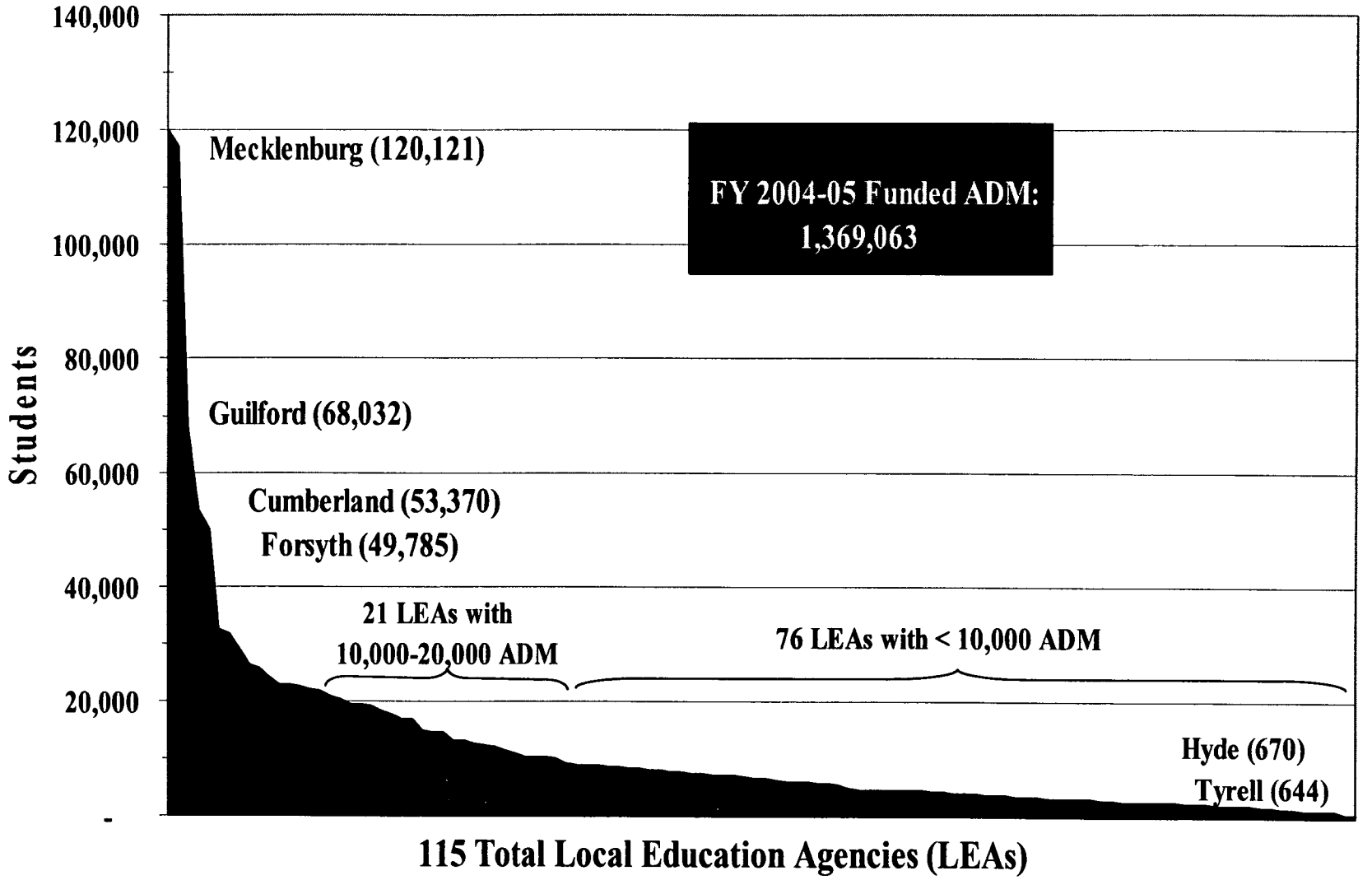
- **Salaries & Benefits**
  - **$43 million** for a **1%** salary increase for teachers instructional support, principals, etc.
  - **$10 million** for **1%** increase for other non-certified public schools personnel

NC Public Schools: Average Daily Membership (ADM)



Fiscal Research Division
March 2, 2005

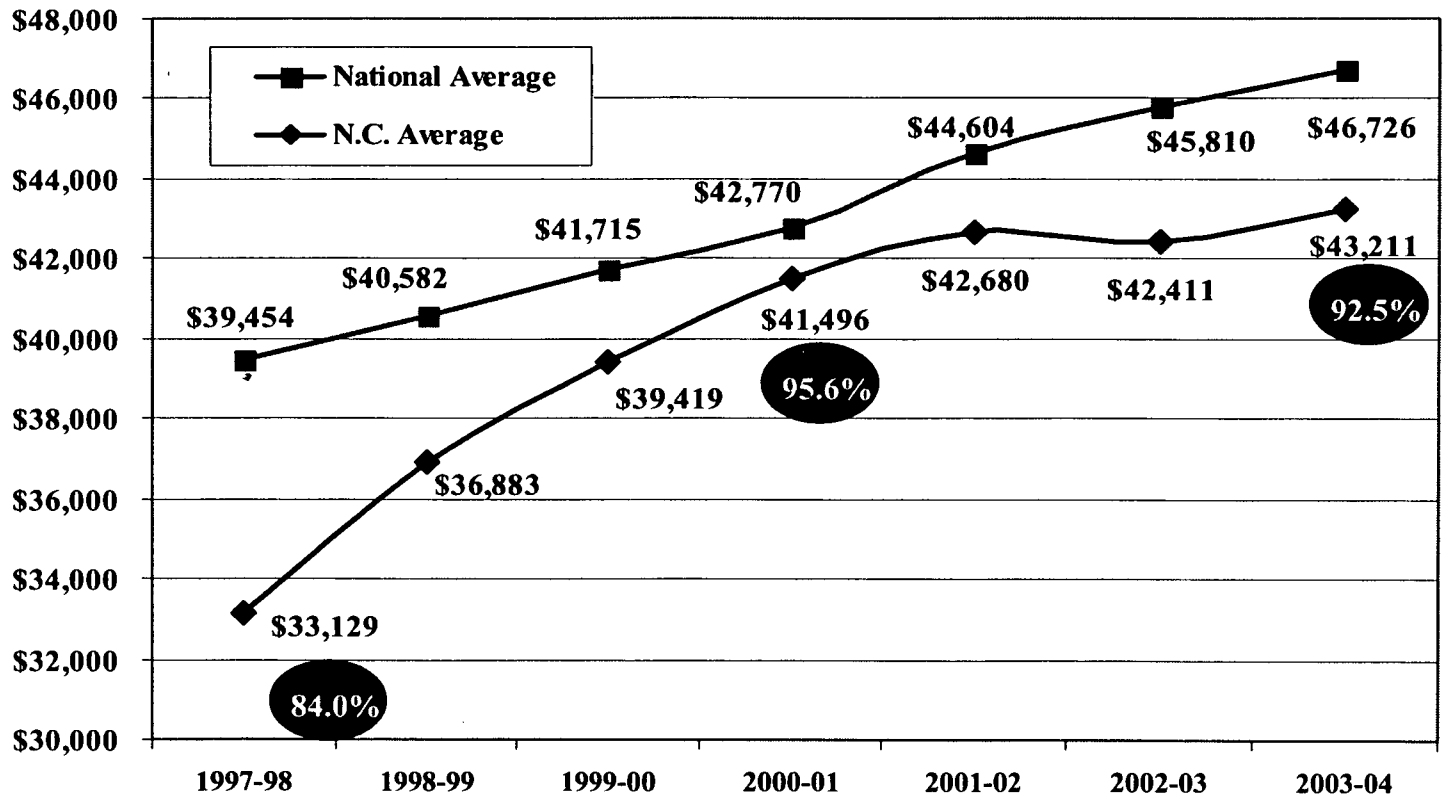
Statewide Distribution of ADM



Fiscal Research Division
March 2, 2005

NC Public Schools: Average Teacher Salaries

FY 1998-2004



Fiscal Research Division
March 2, 2005

Other Sources of Funds

- **Federal Funds**
  - **$980 million** total in FY 2003-04
  - $447 million through No Child Left Behind Act
  - $251 million for Individuals w/Disabilities Act (IDEA)
  - $254 million for Child Nutrition
- **Local Funds**
  - Over **$2 billion** annually
  - 27,463 public schools personnel paid out of local funds (includes 8,284 teachers and instructional support) in FY 2004-05

Local Control = LEA Flexibility

- LEAs have great flexibility in how they expend the funds allotted to them (details later!)
- Limitations:
  - Categorical restrictions (ex: Special Needs)
  - Class size requirements
- Tailor to needs of specific student population; held accountable by State through ABCs

Summary

- **Mandate to Fund NC Public Schools**
  - State funds ***operations***, Locals fund ***facilities***
- **State Funding**
  - **State** provides **65%** of funding for operations
  - **42%** of General Fund Budget
  - ADM and Salaries Drive Budget Growth
- **Federal & Local Funding supplements State $**
- **Local Control = LEA Flexibility**

Estimated Impact of Governor's Proposed Reduction in the Public School Building Capital Fund, FY 2005-06

Attachment 3

County	FY 04-05 Allotted ADM	Estimated Allotment	Estimated Reducation
ALAMANCE-BURLINGTON	22,502	1,193,655	(246,622)
ALEXANDER COUNTY	5,689	301,782	(62,351)
ALLEGHANY COUNTY	1,509	80,047	(16,539)
ANSON COUNTY	4,403	233,564	(48,257)
ASHE COUNTY	3,212	170,386	(35,204)
AVERY COUNTY	2,447	129,805	(26,819)
BEAUFORT COUNTY	7,452	395,304	(81,674)
BERTIE COUNTY	3,404	180,571	(37,308)
BLADEN COUNTY	5,787	306,981	(63,426)
BRUNSWICK COUNTY	11,277	598,207	(123,596)
BUNCOMBE COUNTY	29,525	1,566,202	(323,594)
BURKE COUNTY	14,645	776,868	(160,509)
CABARRUS COUNTY	27,379	1,452,364	(300,074)
CALDWELL COUNTY	13,016	690,455	(142,655)
CAMDEN COUNTY	1,762	93,468	(19,312)
CARTERET COUNTY	8,507	451,268	(93,237)
CASWELL COUNTY	3,413	181,048	(37,406)
CATAWBA COUNTY	24,217	1,284,630	(265,418)
CHATHAM COUNTY	7,768	412,066	(85,137)
CHEROKEE COUNTY	3,767	199,827	(41,286)
EDENTON/CHOWAN	2,506	132,935	(27,466)
CLAY COUNTY	1,277	67,741	(13,996)
CLEVELAND COUNTY	17,609	934,098	(192,995)
COLUMBUS COUNTY	9,713	515,242	(106,454)
CRAVEN COUNTY	14,556	772,147	(159,534)
CUMBERLAND COUNTY	53,370	2,831,099	(584,935)
CURRITUCK COUNTY	3,862	204,866	(42,328)
DARE COUNTY	4,865	258,072	(53,320)
DAVIDSON COUNTY	25,346	1,344,520	(277,792)
DAVIE COUNTY	6,208	329,314	(68,040)
DUPLIN COUNTY	8,802	466,917	(96,470)
DURHAM COUNTY	32,598	1,729,214	(357,274)
EDGECOMBE COUNTY	7,591	402,677	(83,197)
FORSYTH COUNTY	49,785	2,640,927	(545,644)
FRANKLIN COUNTY	8,049	426,972	(88,217)
GASTON COUNTY	31,700	1,681,578	(347,432)
GATES COUNTY	1,969	104,449	(21,580)
GRAHAM COUNTY	1,230	65,247	(13,481)
GRANVILLE COUNTY	8,768	465,113	(96,097)
GREENE COUNTY	3,222	170,916	(35,313)
GUILFORD COUNTY	68,032	3,608,869	(745,631)
HALIFAX COUNTY	9,505	504,208	(104,175)
HARNETT COUNTY	16,917	897,390	(185,410)
HAYWOOD COUNTY	7,980	423,312	(87,461)
HENDERSON COUNTY	12,642	670,616	(138,556)
HERTFORD COUNTY	3,606	191,286	(39,522)
HOKE COUNTY	6,593	349,736	(72,259)
HYDE COUNTY	670	35,541	(7,343)
IREDELL-STATESVILLE	24,621	1,306,061	(269,846)
JACKSON COUNTY	3,791	201,100	(41,549)
JOHNSTON COUNTY	26,292	1,394,702	(288,160)
JONES COUNTY	1,386	73,523	(15,191)
LEE COUNTY	9,196	487,817	(100,788)

Estimated Impact of Governor's Proposed Reduction in the Public School Building Capital Fund, FY 2005-06

County	FY 04-05 Allotted ADM	Estimated Allotment	Estimated Reducation
LENOIR COUNTY	10,343	548,661	(113,359)
LINCOLN COUNTY	11,994	636,241	(131,454)
MACON COUNTY	4,162	220,780	(45,616)
MADISON COUNTY	2,600	137,921	(28,496)
MARTIN COUNTY	4,480	237,649	(49,101)
MCDOWELL COUNTY	6,542	347,031	(71,700)
MECKLENBURG COUNTY	120,121	6,372,015	(1,316,526)
MITCHELL COUNTY	2,331	123,652	(25,548)
MONTGOMERY COUNTY	4,502	238,816	(49,342)
MOORE COUNTY	12,206	647,487	(133,778)
NASH-ROCKY MOUNT	19,146	1,015,631	(209,840)
NEW HANOVER COUNTY	22,846	1,211,903	(250,392)
NORTHAMPTON COUNTY	3,462	183,647	(37,944)
ONSLOW COUNTY	21,862	1,159,706	(239,608)
ORANGE COUNTY	17,854	947,095	(195,680)
PAMLICO COUNTY	2,091	110,921	(22,917)
PASQUOTANK COUNTY	5,902	313,081	(64,686)
PENDER COUNTY	7,083	375,729	(77,630)
PERQUIMANS COUNTY	1,727	91,612	(18,928)
PERSON COUNTY	6,120	324,645	(67,075)
PITT COUNTY	21,551	1,143,208	(236,199)
POLK COUNTY	2,416	128,161	(26,479)
RANDOLPH COUNTY	22,748	1,206,705	(249,318)
RICHMOND COUNTY	8,270	438,696	(90,639)
ROBESON COUNTY	24,241	1,285,904	(265,681)
ROCKINGHAM COUNTY	14,756	782,756	(161,726)
ROWAN-SALISBURY	20,902	1,108,781	(229,086)
RUTHERFORD COUNTY	10,295	546,115	(112,833)
SAMPSON COUNTY	11,117	589,719	(121,842)
SCOTLAND COUNTY	7,117	377,533	(78,002)
STANLY COUNTY	10,009	530,944	(109,699)
STOKES COUNTY	7,408	392,969	(81,192)
SURRY COUNTY	12,008	636,984	(131,608)
SWAIN COUNTY	1,935	102,645	(21,208)
TRANSYLVANIA COUNTY	3,991	211,709	(43,741)
TYRRELL COUNTY	644	34,162	(7,058)
UNION COUNTY	28,664	1,520,529	(314,157)
VANCE COUNTY	8,486	450,154	(93,007)
WAKE COUNTY	117,133	6,213,512	(1,283,778)
WARREN COUNTY	3,256	172,720	(35,686)
WASHINGTON COUNTY	2,155	114,316	(23,619)
WATAUGA COUNTY	4,672	247,834	(51,205)
WAYNE COUNTY	19,444	1,031,439	(213,106)
WILKES COUNTY	10,228	542,561	(112,099)
WILSON COUNTY	13,205	700,481	(144,727)
YADKIN COUNTY	6,089	323,001	(66,735)
YANCEY COUNTY	2,555	135,534	(28,003)
TOTAL	**1,368,607**	**72,600,000**	**(14,999,933)**

$/ADM (72.6 million)
53.04663793
$/ADM (15 million)
10.96

Attachment 4

Estimated Impact of LEA Discretionary Reduction, FY 2005-06

LEA	Allotted ADM	DPI Estimated Reduction
Alamance-Burlington	21,708	(1,118,434)
Alexander County	5,771	(297,332)
Alleghany County	1,544	(79,550)
Anson County	4,369	(225,098)
Ashe County	3,223	(166,055)
Avery County	2,330	(120,046)
Beaufort County	7,238	(372,914)
Bertie County	3,348	(172,495)
Bladen County	5,753	(296,405)
Brunswick County	11,135	(573,695)
Buncombe County	25,434	(1,310,404)
Asheville City	3,892	(200,523)
Burke County	14,566	(750,466)
Cabarrus County	23,346	(1,202,827)
Kannapolis City	4,658	(239,988)
Caldwell County	13,026	(671,122)
Camden County	1,790	(92,224)
Carteret County	8,209	(422,942)
Caswell County	3,349	(172,546)
Catawba County	17,208	(886,586)
Hickory City	4,422	(227,829)
Newton-Conover	2,825	(145,549)
Chatham County	7,493	(386,052)
Cherokee County	3,669	(189,033)
Edenton/Chowan	2,431	(125,249)
Clay County	1,317	(67,854)
Cleveland County	17,217	(887,050)
Columbus County	6,905	(355,758)
Whiteville City	2,757	(142,045)
Craven County	14,612	(752,836)
Cumberland County	52,370	(2,698,194)
Currituck County	4,133	(212,939)
Dare County	4,974	(256,269)
Davidson County	19,773	(1,018,739)
Lexington City	3,067	(158,017)
Thomasville City	2,538	(130,762)
Davie County	6,399	(329,688)
Duplin County	8,943	(460,759)
Durham County	30,790	(1,586,354)
Edgecombe County	7,615	(392,338)
Forsyth County	49,035	(2,526,369)
Franklin County	7,989	(411,607)
Gaston County	32,069	(1,652,251)
Gates County	1,950	(100,467)
Graham County	1,229	(63,320)
Granville County	8,700	(448,239)
Greene County	3,170	(163,324)
Guilford County	68,184	(3,512,958)
Halifax County	5,133	(264,461)
Roanoke Rapids City	2,994	(154,256)
Weldon City	1,058	(54,510)
Harnett County	17,078	(879,888)
Haywood County	7,885	(406,249)
Henderson County	12,701	(654,378)
Hertford County	3,534	(182,078)
Hoke County	6,977	(359,467)
Hyde County	651	(33,541)

LEA	Allotted ADM	DPI Estimated Reduction
Iredell-Statesville	19,878	(1,024,149)
Mooresville City	4,609	(237,464)
Jackson County	3,652	(188,157)
Johnston County	27,478	(1,415,714)
Jones County	1,373	(70,739)
Lee County	9,262	(477,194)
Lenoir County	9,863	(508,159)
Lincoln County	11,666	(601,053)
Macon County	4,195	(216,134)
Madison County	2,659	(136,996)
Martin County	4,443	(228,911)
Mcdowell County	6,556	(337,777)
Mecklenburg County	122,976	(6,335,938)
Mitchell County	2,301	(118,552)
Montgomery County	4,513	(232,518)
Moore County	12,037	(620,167)
Nash-Rocky Mount	18,317	(943,724)
New Hanover County	23,958	(1,234,358)
Northampton County	3,175	(163,582)
Onslow County	22,580	(1,163,361)
Orange County	6,811	(350,915)
Chapel Hill-Carrboro	10,824	(557,671)
Pamlico County	1,668	(85,938)
Pasquotank County	5,976	(307,894)
Pender County	7,283	(375,233)
Perquimans County	1,711	(88,154)
Person County	5,847	(301,248)
Pitt County	21,990	(1,132,963)
Polk County	2,471	(127,310)
Randolph County	18,478	(952,019)
Asheboro City	4,594	(236,691)
Richmond County	8,276	(426,394)
Robeson County	24,427	(1,258,522)
Rockingham County	14,637	(754,124)
Rowan-Salisbury	20,779	(1,070,570)
Rutherford County	10,017	(516,093)
Sampson County	8,481	(436,956)
Clinton City	2,868	(147,764)
Scotland County	6,802	(350,451)
Stanly County	9,707	(500,122)
Stokes County	7,306	(376,418)
Surry County	8,841	(455,504)
Elkin City	1,239	(63,835)
Mount Airy City	1,829	(94,233)
Swain County	1,804	(92,945)
Transylvania County	3,846	(198,153)
Tyrrell County	646	(33,283)
Union County	30,409	(1,566,725)
Vance County	8,095	(417,068)
Wake County	119,396	(6,151,490)
Warren County	3,084	(158,893)
Washington County	2,121	(109,278)
Watauga County	4,554	(234,630)
Wayne County	19,287	(993,700)
Wilkes County	10,135	(522,173)
Wilson County	12,552	(646,701)
Yadkin County	6,149	(316,807)
Yancey County	2,578	(132,823)
TOTAL	**1,369,493**	**(70,558,667)**

VISITOR REGISTRATION SHEET

Appropriations Subcommittee Ed/Higher Education — Mar 2, 2005 2:00p.m

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mary Morgan Reeve	Cowper Consulting Raleigh
[signature]	NCCCS
[signature]	NCAE
Jessica Sage	NCFPC
[signature]	VIF
[signature]	VIF
Cecil Bass	NCAE
Michael Houser	NCAE.
Mark Fleming	University System
[signature]	Gov's office
[signature]	GP Maynard & Assoc.
Cam Cinev	B PMBL

VISITOR REGISTRATION SHEET

Appropriations Subcommittee Ed/Higher Education — Mar 2, 2005 2:00p.m

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	WCPSS
[signature]	NCASA
[signature]	NCASA
[signature]	NCACC
[signature]	NCSBA
[signature]	McGladrey Consulting Inc

Joint Appropriations Subcommittee on Education

Agenda

Wednesday, March 3, 2005, 2:00 P.M.
Room 421, Legislative Office Building

Representative Tolson, Presiding

I. Welcome

Representative Tolson

II. Funding Public Schools Personnel

Adam Levinson, *Fiscal Research Division*

III. Committee Questions

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES

Joint Appropriations Subcommittee on Education

March 3, 2005

The Joint Appropriations Subcommittee on Education met in Room 421, Thursday, March 3, 2005. Rep. Joe Tolson presided. The meeting was called to order at 8:30 a.m. and Chairman Tolson welcomed and introduced the Pages and the Sgts. At Arms who were assisting the meeting.

The following members were present; Chairs: Representatives Jeffus, Yongue, Senators Lucas and Swindell. Vice Chairs: Representatives Preston, Rapp, Sen. Nesbitt. Members: Representatives Bell, Cleveland, Fisher, Parmon, Pate, Sauls; Senators Garwood, Atwater, Hartsell and Stevens.

Chairman Tolson recognized Adam Levinson with the Fiscal Research Division to explain the funding for Personnel in North Carolina's public schools. How the Average Daily Membership (ADM) is computed; types of Personnel (certified and non-certified) types of allotments (positions, dollar and categorical) and the flexibility of LEAs in putting together the programs. Mr. Levinson's complete presentation is attached to these minutes.

Rep. Tolson recognized Committee members for questions of Mr. Levinson. Following these discussions, the meeting was adjourned 9:45 a.m.

Representative Joe P. Tolson, Chairman

Shirley Phillips, Committee Assistant

North Carolina Public Schools
Funding for Personnel



NC General Assembly

Joint Legislative Appropriations Subcommittee on Education

March 3, 2005

Overview of Presentation

- **Computing Allotted ADM**
- **Providing for Personnel**
  - Different types of personnel
  - Different ways of being paid
  - Different types of allotments
- **LEA Flexibility**

Average Daily Membership (ADM)

- **Membership** = being on the current roll at a school ("expected to be there")
- Not the same as attendance
- **ADM** = sum of all students in membership / total days in month

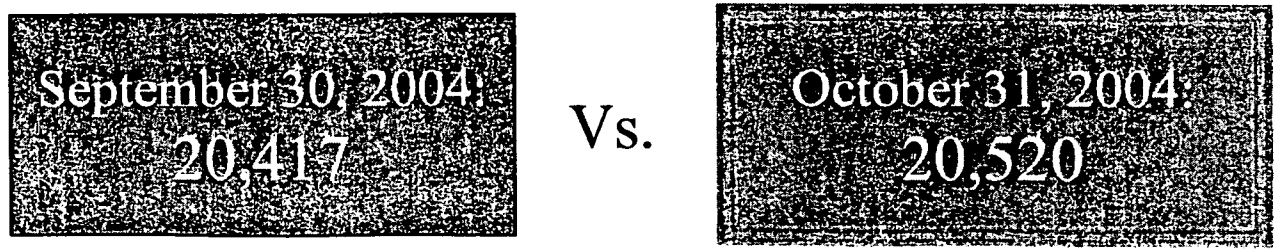
= *expected students per day*

Determining Allotted ADM (aka "Funded ADM")

Each Fall, DPI follows these 5 steps:

1) For each LEA, compare **current year actual** ADM in month 1 and month 2 of school year
(example: for FY 2005-06 budget, look at FY 2004-05 ADM)

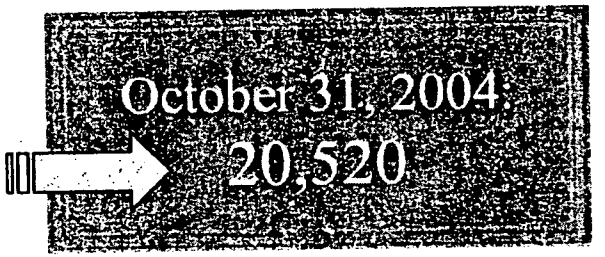
2) Identify the **higher** figure **("Best 1 of 2")**



Determining Allotted ADM (aka "Funded ADM")

Steps, continued:

3) Compare the figure from step 2 to a statistical projection of ADM for the coming year



Vs.

Projected 2005-06:
20,249

4) The higher number is the **allotted ADM** for that LEA (*note: LEA can do no worse than prior year actual, even if decline is projected*)

Determining Allotted ADM (aka "Funded ADM")

Steps, continued:

5) Summing the allotted ADM figures for all of the LEAs produces…

the **Statewide Total Allotted ADM**

2005-06 Allotted ADM:
1,397,372

Effect on Allotments

- Most allotments are based on ADM
- Large impact on number of personnel provided for in the budget
- Greatest impact on allotment of certified personnel

Types of Personnel:
Certified

- **Classroom Teachers**
- **Instructional Support**
  - Counselors, Psychologists, Audiologists, Nurses, Social Workers, Media Specialists, etc.
- **School Building Administrators (SBA)**
  - Principals & Assistant Principals

Salaries for Certified Personnel

- **Teachers & Instructional Support** placed on the uniform State teacher salary schedule
  - Level of education, years of experience, National Board certification determine "step"
- **School Building Administrators (SBA)** also placed on a uniform State salary schedule
  - Years of experience and size of school determine step for Principals

Types of Personnel:
Non-Certified

- **Superintendents**
- **Central Office Staff**
  - Finance and Accounting Specialists, Coordinators, Managers, Clerical staff
- **Teacher Assistants**
- **Custodians, Bus Drivers, Technicians**

Salaries for Non-Certified Personnel

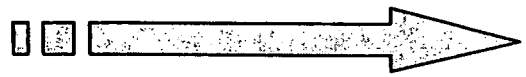
- Like State employees, non-certified personnel are hired into established ranges
  - No guaranteed placement based on education or years of experience, as with the certified salary schedules
- **Superintendents & Central Office staff** have dedicated, legislated ranges
  - Teacher Assistants and others are paid based on Office of State Personnel pay grades/ranges

Types of Allotments:
Position

- Allotted to LEAs based on ratios of personnel to students

> ***Example: in K-3, for every 18 students in ADM, the State allots 1 classroom teacher position ("teacher-to-student allotment ratio of 1:18")***

- LEA hires best available applicant
- State pays whatever is required to pay that person, as determined by their position on the **State salary schedule!!**



Types of Allotments:
Position

- Yes…that means:

  a teacher with **2 years** of experience costs an LEA the same amount (in terms of State allotment) as a teacher with **20 years** experience

⇒ **Cost = 1 position** ⇐

Types of Allotments:
Dollar

- Allotted to LEAs based on **"$ per ADM"** (note: may be subsets of ADM)

> ***Example: the State allots $886.33 per K-3 for each LEA to use for teacher assistants***

- LEA hires as many teacher assistants as it wants to/can
- LEA must **"live within the dollars"**

Types of Allotments:
Categorical

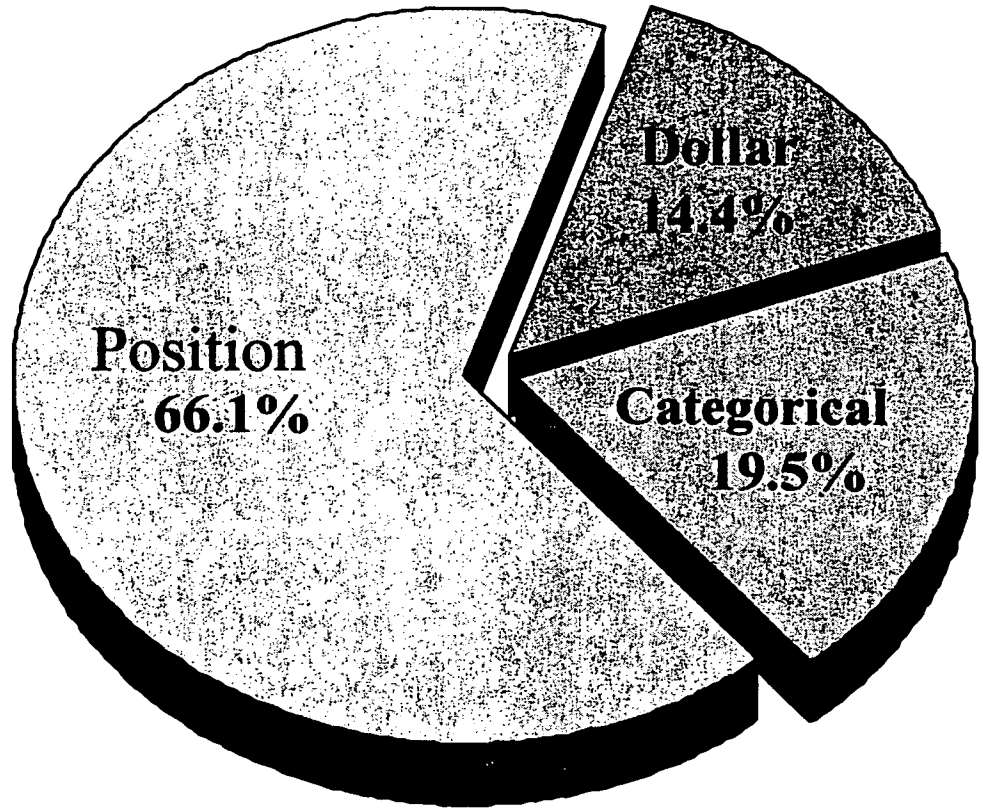
- Allotted to LEAs based on varying criteria (headcounts, efficiency formula, etc.)

Example: State allots $2,838.39 per funded headcount of school-aged students with special needs

- LEA may use the funds to purchase any services necessary to address the targeted population or purpose

- LEA must **"live within the dollars"**

Types of Allotments



Source: DPI, Highlights of the Public Schools Budget, 2005.

Types of Allotments: Position

State Aid to Local Education Agencies (LEAs)
FY 2004-05 General Fund Appropriations

Allotment Category	Budgeted Positions	Budgeted Funds
General Administration		
Central Office Administration		$101,434,583
Instructional Personnel and Related Services		
Classroom Teachers	64,712.50	$2,455,268,691
Teacher Assistants		$377,866,513
Instructional Support (Counselors, Social Workers, Psycholo	6,983.50	$297,554,429
School Building Administration	4,051.60	$233,433,692
Classroom Materials/Instructional Supplies/Equipment		$65,569,689
Textbooks		$81,126,220
Annual Leave		$25,852,075
Mentor Pay		$8,100,140
ABC Incentive Awards		$108,000,000
Estimated Matching Benefits		$662,391,415
Subtotal		**$4,315,162,864**
Support		
Noninstructional Support Personnel		$309,077,459
Subtotal		**$4,624,240,323**

$3 billion

Types of Allotments: Dollar

State Aid to Local Education Agencies (LEAs)
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Types of Allotments: Categorical

State Aid to Local Education Agencies (LEAs)
FY 2004-05 General Fund Appropriations

Allotment Category	Budgeted Positions	Budgeted Funds
Categorical Programs		
Academically & Intellectually Gifted		$50,739,625
At Risk Student Services/Alternative Schools		$186,280,082
Children with Special Needs		$548,067,517
Continually Low-performing - extended contract days	7.22	$273,898
Driver Education (Highway Fund)		$31,939,945
High Priority - extended contract days	54.76	$2,077,380
Improving Student Accountability		$34,846,211
Intervention/Assistance Teams		$2,864,985
Limited English Proficiency		$38,643,103
Low Wealth Supplemental Funding		$109,382,460
School Technology		$5,000,000
Small County Supplemental Funding		$37,489,844
Staff Development		$12,000,905
Transportation		$283,265,988
Vocational Education	5,889.70	$319,319,561
Subtotal		**$1,662,191,504**

LEA Flexibility:
Position Allotments

- Positions actually funded in terms of "months of employment" (MOE)

Example: each teacher position provides an LEA with 10 MOE; principal positions provide 12 MOE

- LEA can hire 1 teacher for 10 months, 2 half-time teachers for 10 months, 10 teachers for 1 month, and so on…

- As long as class size requirements are met, LEAs are free to assign teachers however they choose

LEA Flexibility:
Position Allotments

Instructional Support

LEAs can use Instructional Support positions as teachers:

- To reduce class sizes
- Create a permanent substitute position
- Add additional teachers to a school to free-up an additional period a day for teachers.

LEA Flexibility:
Position Allotments

Assistant Principals

For every month a school has a vacant Assistant Principal position, an LEA has access to:

- Approximately $5,500 for a teacher or supplies or staff development

Note: Each year the actual conversion $ will change as the average salary changes.

LEA Flexibility:
Position Allotments

Principals

For every month a school does not have a Principal, an LEA has access to:

- Approximately $6,300 for clerical support for teachers, tutors, or telephones

Note: Each year the actual conversion $ will change as the average salary changes.

LEA Flexibility:
Dollar Allotments

- Most dollar allotments can be transferred for purchase of some other educational input

> ***Example: Funds can be transferred easily between Textbooks and Classroom Supplies and Material or vice-versa.***

- Each of the past few years, LEAs have transferred around $15 million from the Teacher Assistant allotment to hire more teachers (LEA-initiated class size reduction)

LEA Flexibility:
Categorical Allotments

- Flexibility within the designated special population/purpose is inherent to categorical allotments

Example: At-Risk Student Services Funds can be used to:

- ***hire teachers, teacher assistants, tutors, counselors, etc.***
- ***purchase materials, equipment, software, etc.***
- ***start a Saturday or afterschool academy***

- Several categorical allotments can be used in conjunction to meet the needs of children at-risk of school failure

Summary

- **Allotted ADM** drives budget for personnel
  - Higher of prior year's 1st or 2nd month ADM **or** statistical projection for coming year's ADM
- **Certified** v. **Non-Certified** Personnel
  - Funded differently and paid differently
- **Position**, **Dollar**, & **Categorical** Allotments provide LEAs with flexibility in putting together programs

VISITOR REGISTRATION SHEET

JOINT APPROP. SUBC ON EDUCATION — 3/3/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lynn Morris	Public School Forum
Trey O'Quinn	OSBM
Brian Taylor	SBE/DPI
Curtis Cross	OSBM
Alexis Schauss	DPI
P. Mallon	J. La Mallon CC
Lisa Hess	WCPSS
Mark Flemming	University System
Bryan Conrad	OSBM
Nicki McDougall	Senate Intern
Katherine Joyce	NCASA

VISITOR REGISTRATION SHEET

JOINT APPROP. SUBC ON EDUCATION — 3/3/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth [illegible]	OSBM
Ellen Greaves	PGNC
[illegible]	John Locke Found
Hiram Artz	NCASA
Gene Causby	NCSEA
[illegible]	[illegible]
[illegible]	NCPCU
DAVE Simpson	NCCE

VISITOR REGISTRATION SHEET

JOINT APPROP. SUBC ON EDUCATION — 3/3/05

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Michael Houser	NCAE
Mary Morgan Reeve	Cowper Consulting
Hal Miller	NCACCT
Mike Ulmer	NCBBA
John Motley	GOVOMICS
Paula F. Wolf	El Pueblo

Joint Appropriations Subcommittee on Education

Agenda

Wednesday, March 9, 2005, 8:30 P.M.
Room 421, Legislative Office Building

Representative Yongue, Presiding

I. Welcome

Senator Swindell

II. Building the Public Schools Budget for FY 2005-06

Adam Levinson, *Fiscal Research Division*

III. Committee Questions

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

Minutes
Joint Appropriations
Subcommittee on Education
8:30 A.M.

March 9, 2005

The Joint Appropriations Education Subcommittee held it's meeting on Wednesday, March 9, 2005 in Room 421 of the Legislative Office Building at 8:30 A.M. There were four Senators present. The following Representatives were present: Chairs: Maggie Jeffus, Joe Tolson, Doug Yongue, Members – Representatives: Ray Rapp, George G. Cleveland, Susan Fisher, Mickey Michaux, Jr., Earline W. Parmon, and John Sauls.

The Education Fiscal Research Division was in attendance. A visitor registration list, Sergeant at Arms list, House Page list, Agenda, member attendance sheet and handouts from all presenters is attached and made part of these minutes.

Senator Lucas opened the meeting by stating that we are building the public school's budget for 2005-2006. Acknowledged committee chairs and members and asked if they had any comments.

Senator Lucas recognized Adam Levinson of Fiscal Research Division, who presented 'Developing the Budget for the Public Schools for 2005-2006'. Adam compared last year's budget 2004-2005 with the Governor's Proposed Budget and the Continuation Budget with the Supplemental Budget. The aforementioned needs to be understood by all members. Questions from the committee members were raised and answered. There were requests from the committee members to the staff for answers to the questions regarding ADM, children with special needs, low wealth and disadvantaged formulas, and the level of accountability. Adam indicated that these answers are forthcoming in future committee meetings.

There being no further business the chair adjourned the meeting at 9:35 A.M.

Senator Jeanne H. Lucas
Presiding Chair

Bernadette David-Yerumo
Committee Assistant

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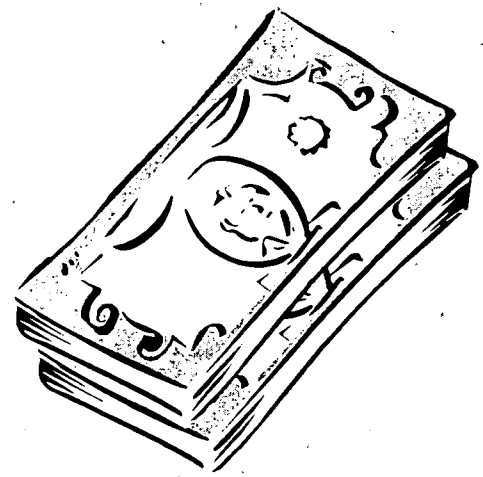
North Carolina Department of Public Instruction

2004/05 Local Education Agency Flexibility Summary

Category	FY 2004-05 State Appropriation Final Budget (w/LI) Amount	% of Budget	Discretionary Reductions Amount	% of Red.	FY 2004-05 State Appropriation Revised Budget Revised Budget	% of Budget
Administrative Support						
Central Office	$101,434,583	1.55%	($795,160)	1.11%	$100,639,423	1.56%
School Building Admin.	278,770,630	4.26%	(1,179,296)	1.64%	277,591,334	4.29%
Sub-Total Admin. Support	380,205,213	5.81%	(1,974,456)	2.75%	378,230,757	5.84%
Outside of Classroom						
Financial Literacy Pilot	73,000	0.00%		0.00%	73,000	0.00%
High School Project (Learn & Earn)	1,991,699	0.03%		0.00%	1,991,699	0.03%
Instructional Support	361,587,505	5.53%	(9,560,493)	13.29%	352,027,012	5.44%
NBPTS	3,274,500	0.05%		0.00%	3,274,500	0.05%
Noninstructional Support	309,077,459	4.72%	(2,082,273)	2.89%	306,995,186	4.74%
School Breakfast	1,900,000	0.03%		0.00%	1,900,000	0.03%
School Bus Replacement	37,239,912	0.57%		0.00%	37,239,912	0.58%
School Food Project	25,000	0.00%		0.00%	25,000	0.00%
Textbook Freight	217,837	0.00%		0.00%	217,837	0.00%
Transportation	283,265,988	4.33%	(388,487)	0.54%	282,877,501	4.37%
UERS	19,580,874	0.30%	-	0.00%	19,580,874	0.30%
Sub-Total Outside of Classroom	1,018,233,774	15.56%	(12,031,253)	16.72%	1,006,202,521	15.55%
Classroom						
Academically Gifted	50,739,625	0.78%	(182,536)	0.25%	50,557,089	0.78%
At-Risk	186,280,082	2.85%	(2,088,627)	2.90%	184,191,455	2.85%
Children with Disabilities	548,067,517	8.38%	(441,598)	0.61%	547,625,919	8.46%
Classroom Materials/Supplies	65,569,689	1.00%	(6,125,213)	8.51%	59,444,476	0.92%
Classroom Teachers: Class Size	3,006,639,777	45.95%	(30,927,003)	42.98%	2,975,712,774	45.98%
Improving Student Accountability	34,846,211	0.53%	(441,750)	0.61%	34,404,461	0.53%
Incentive Awards (ABCs)	108,000,000	1.65%		0.00%	108,000,000	1.67%
Limited English	38,643,103	0.59%	(391,589)	0.54%	38,251,514	0.59%
Low Wealth	109,382,460	1.67%	(764,652)	1.06%	108,617,808	1.68%
Mentor Pay	8,100,140	0.12%		0.00%	8,100,140	0.13%
School Technology	5,000,000	0.08%	(558,569)	0.78%	4,441,431	0.07%
Small County	37,489,844	0.57%	(12,148)	0.02%	37,477,696	0.58%
Staff Development	12,065,465	0.18%	(587,365)	0.82%	11,478,100	0.18%
Teacher Assistants	377,866,513	5.77%	(9,632,060)	13.39%	368,234,453	5.69%
Testing	9,005,844	0.14%		0.00%	9,005,844	0.14%
Textbooks	81,126,220	1.24%	(1,734,199)	2.41%	79,392,021	1.23%
Vocational Ed.	321,615,897	4.92%	(2,841,805)	3.95%	318,774,092	4.93%
Sub-Total Classroom	5,000,438,387	76.42%	(56,729,114)	78.83%	4,943,709,272	76.39%
OTHER						
ADM Reserve	6,000,000	0.09%	(1,216,425)	1.69%	4,783,575	0.07%
Annual Leave	25,852,075	0.40%		0.00%	25,852,075	0.40%
Assistance Teams	2,864,985	0.04%		0.00%	2,864,985	0.04%
Personnel Services	106,106,592	1.62%	-	0.00%	106,106,592	1.64%
Tort Claims	3,774,000	0.06%		0.00%	3,774,000	0.06%
Sub-Total Other	144,597,652	2.21%	(1,216,425)	1.69%	143,381,227	2.22%
TOTAL BUDGET	**$ 6,543,475,025**	**100.0%**	**$ (71,951,248)**	**100.0%**	**$ 6,471,523,777**	**100.0%**

FY 04-05 Discretionary Reduction		
Reduction	$	71,951,248
ADM		1,368,607
Dollars per ADM (calculated):	$	52.57261244

Developing the FY 2005-06 Budget for Public Schools



NC General Assembly

Joint Legislative Appropriations Subcommittee on Education

March 9, 2005

Review…

Last week we talked about:

- **Allotted ADM**
  - Basis for most allotments (FY 2005-06: 1,397,372)
  - Distributed unevenly across the State (large v. small LEAs, high growth v. declining ADM)
- **Allotments**
  - Position, Dollar, Categorical
  - Foundation Approach: Basic & Supplemental
- **Personnel**
  - 94% of the overall budget (mostly position allotments)
  - LEAs have flexibility (within class size limits)

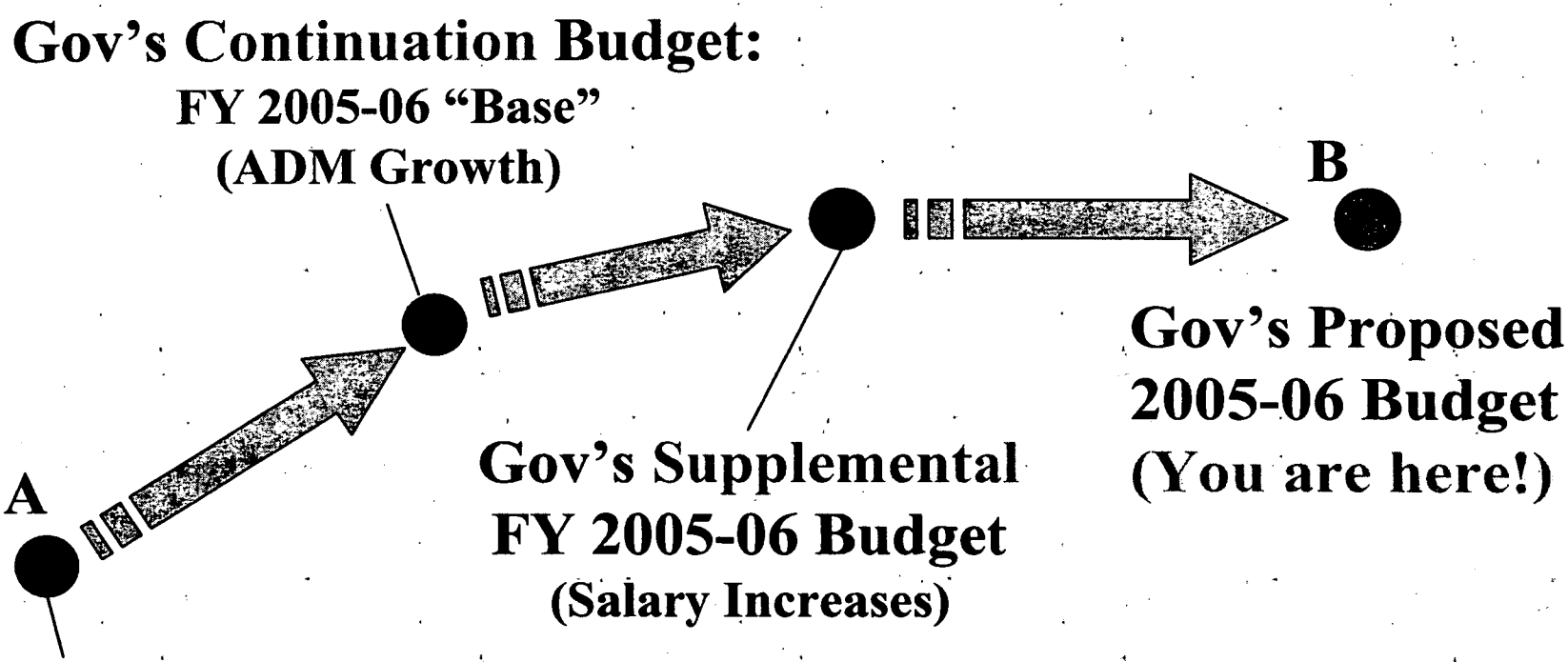
Overview of Presentations

Today we'll talk about:

- **Building the FY 2005-06 Budget**
  - "Point A (FY 2004-05) to Point B (Gov's Proposal)"
  - Continuation v. Supplemental Budget
  - LEA Discretionary Reductions ("negative reserves")

- **Dollars per Student**
  - Limitations on usefulness of this data
  - Hypothetical students and $ available to support them

Building the FY 2005-06 Budget



Building the FY 2005-06 Budget

At this point, please refer to the separate spreadsheet entitled "Building the Public Schools Budget."

Building the FY 2005-06 Budget

➢ "Point A:" The Starting Point

- **Total Allotted Funds for FY 2004-05**
- ***Includes:***
  - **Funds required by the allotment formulas (ADM)**
  - **Recurring (R) and Non-Recurring (NR) Adjustments to specific allotment categories (*ex:* School Tech.)**
  - **$108 million in ABC Bonuses**
  - **Legislated Increases (LI) in salaries and benefits**

$6,590,959,442

Building the FY 2005-06 Budget

➢ Apply LEA Discretionary Reductions

- **Prorated to LEAs based on ADM**

  ($44, 291,238) Recurring – "R"

  ($27,660,000) Non-Recurring – "NR"

  ($71,951,238) Total Reduction from Allotted Funds

- **LEAs allowed to decide what to "give back"**

$6,519,008,204

Building the FY 2005-06 Budget

➢ Governor's Adjusted Continuation Budget

- **Recurring appropriation only, plus:**

$150,405,183 R	**for ADM growth of 28,309**
($23,642,099) R	**for average salary adjustment**
$126,763,084 R	***Net Cost of ADM Growth***

- **ADM Growth figure includes some inflationary increases (*ex:* textbooks)**

$6,570,955,237

Building the FY 2005-06 Budget

➢ Governor's Supplemental Budget

- **Reductions & Expansion**

($50,413,412) Reductions

($58,327,668) Expansion

($7,914,256) Net "Program" Expansion

Building the FY 2005-06 Budget

➢ Governor's Supplemental Budget

- **ABC Bonuses & Salary/Benefit Increases**

$100,000,000	***ABC Bonuses***
$ 77,000,000	***Salary Increases*** – 2% increase to certified/non-certified
$ 68,600,000	***Matching Benefits***
$245,600,000	***Total Compensation & Benefit Increases***

$6,824,469,493

Building the FY 2005-06 Budget

➢ Governor's Recommended Budget

- **Net Change v. FY 2004-05** ***(before Sals & Bens)***

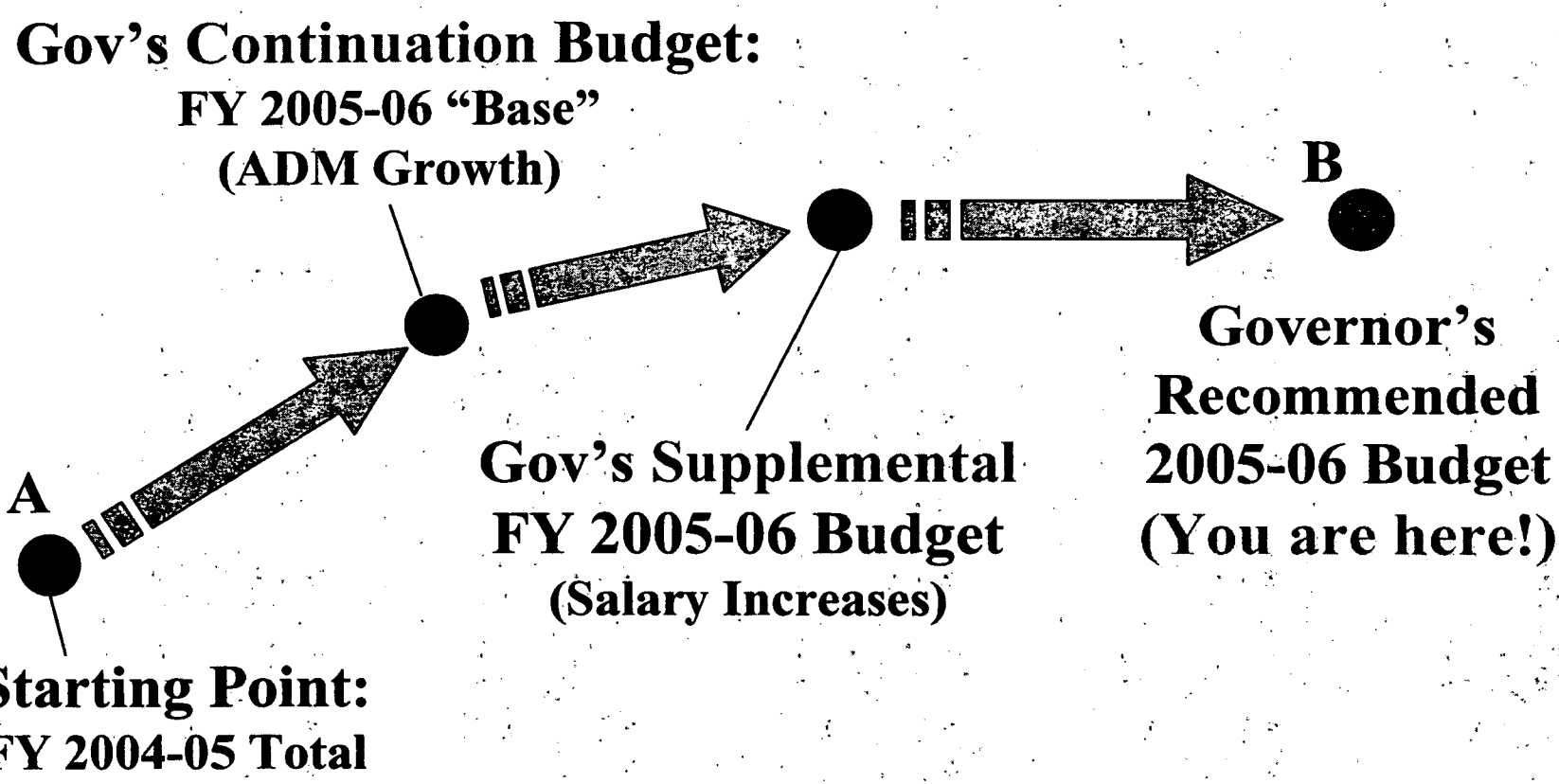
$159,861,289 or 2.4%

- **Net Change v. FY 2004-05** ***(including Sals & Bens)***

$305,461,289 or 4.7%

- ***Net Change in Total ADM: 28,309 or 2.1%***

Building the FY 2005-06 Budget



Dollars per Student

- **Not a useful unit of comparison between LEAs!**
- **Why?**
  - **Variance in teacher salaries**
  - **Economies of Scale in Fixed Costs (*ex:* Central Office)**
  - **Supplemental Allotments not uniformly distributed across LEAs (*ex:* Small County)**

Variance in Teacher Salaries

Remember…

…the State pays whatever salary is required, based on degree and experience level, for teachers hired by each LEA.

…Most of any LEA's State allotment is teacher salaries.

Variance in Teacher Salaries

Consider this example:

LEA 1	LEA 2
•7,000 ADM	•50,000 ADM
•333 teachers (@ 1:21)	•2,381 teachers (@ 1:21)
•Avg. Experience: 15 years	•Avg. Experience: 5 years
•Salaries: $17,580,952	•Salaries: $72,761,905

$1,758/ADM > $1,455/ADM

Difference:
$303/ADM
or
21% higher

Economies of Scale

Example: Superintendent's Salary

LEA 1	LEA 2
Max. State Salary: $103,824	Max. State Salary: $116,832
7,000 ADM	50,000 ADM
$14.83/ADM	$2.34/ADM

>

Difference: $12.50/ADM

Supplemental Allotments

- **Not distributed uniformly across LEAs**
- ***Examples:***
  - **Low Wealth – 80 LEAs**
    - **$109 million total**
    - **$4.78/ADM (Alamance) to $385.24/ADM (Robeson)**
  - **Small County – 27 LEAs**
    - **$32 million total**
    - **$321/ADM (Cherokee) to $2,377 (Tyrell)**

What is a useful comparative measure?

- **Practically impossible to identify one without significant caveats!!**
- **System focuses on ratios/ "inputs" that are made available for use…and results (ABCs)**
- **Can look at hypothetical students to assess what level of resources are *generated* by students with different needs…**

"Funding per Student"

Funding North Carolina's Public School Children

Based on FY 2004-2005 State Funding Levels

Students in Grade 4 through 8

Funding for Different Students		Student Example 1	Student Example 2	Student Example 3	Student Example 4
		$4,970.64	$8,733.10	$7,987.93	$4,166.09
Every Student (note)	*$3,829.17*	X	X	X	X
Student from a Low Income Family	*$396.30*	X	X	X	
Special Learning Issues (IEP's)	*$2,838.39*		X	X	
Small County	*$591.26*	X	X		
Not performing at grade level	*$300.00*		X	X	
Low Wealth County	*$153.91*	X	X		
Limited English Proficiency	*$624.07*		X	X	
Intellectually and Academically Gifted	*$336.92*				X
Vocational Education	*$0.00*				

Every Student includes: Teachers (total divided by ADM; not by grade span allotment), instructional support, some at-risk (ADM portion), textbooks, classroom materials/supplies, school technology, transportation, and administrative & support categories ($982.71) which includes central office administration, school building administration, incentive awards, noninstructional support personnel, driver education, assistance teams, staff development, school safety officer, annual leave, longevity, mentor pay, and school bus purchases.

"Funding per Student"

Grades K-3 (State & Federal)

$8,958 Additional

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

$8,213 Additional

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

$2,844 Additional

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

$4,775

Student in grade K-3 with no additional special learning issues.

Summary

- **Governor's Recommended Budget**
  - 2.4% Growth over 2004-05 *(not including Sals & Bens)*
  - 4.7% Growth over 2004-05 *(including Sals & Bens)*
  - ADM Growth over 2004-05 = 2.1%

- **"Dollars per Student" not a useful statistic for comparing LEAs**
  - Look at the dollars students different students *generate*
  - Focus on State allotment ratios

VISITOR REGISTRATION SHEET

Jt Appropriations of Education — 3-9-05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Trey O'Quinn	OSBM
Kristen Cuson	OSBM
Maria Schweis	DPI
Philip Price	DPI
[illegible]	SBE / DPI
[illegible]	Public School Forum
[illegible]	[illegible] Co
[illegible]	UCPSS
[illegible]	[illegible]
[illegible]	Chair's office
Molly Regan	NCSBA
[illegible]	NCSBA
Anne Bander	OSBM
[illegible]	OSBM
[illegible]	[illegible]
Carol Lauer	GGLS
Gene Causby	NEGCA

VISITOR REGISTRATION SHEET

Jt. Appropriations on Education — 3/9/05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
D. Bulwer	Exponent
Marcus Davis	NCAE
Michael Houser	NCAE
Carol Barb	NCAE
Hal D Miller	NCBCCT
Bryan Lewis	Covenant w/ NC's children
[illegible]	Belmont / Hosier Centers
[illegible]	[illegible] CMS
Connie Wilson	SSJ
Jessica Sage	NCFPC
Mark Fleming	University System

Minutes

Joint Appropriations
Subcommittee on Education

2:00 P.M.

March 9, 2005

The Joint Appropriations Education Subcommittee held it's meeting on Wednesday, March 9, 2005 in Room 421 of the Legislative Office Building at 2:00 P.M. There were seven Senators present. The following Representatives were present: Chairs: Maggie Jeffus, Joe Tolson, Doug Yongue, Vice Chairs: Linda Johnson, Members – Representatives: George G. Cleveland, Susan Fisher, Carolyn Justice and John Sauls.

The Education Fiscal Research Division was in attendance. A visitor registration list, Sergeant at Arms list, House Page list, Agenda, member attendance sheet and handouts from all presenters is attached and made part of these minutes.

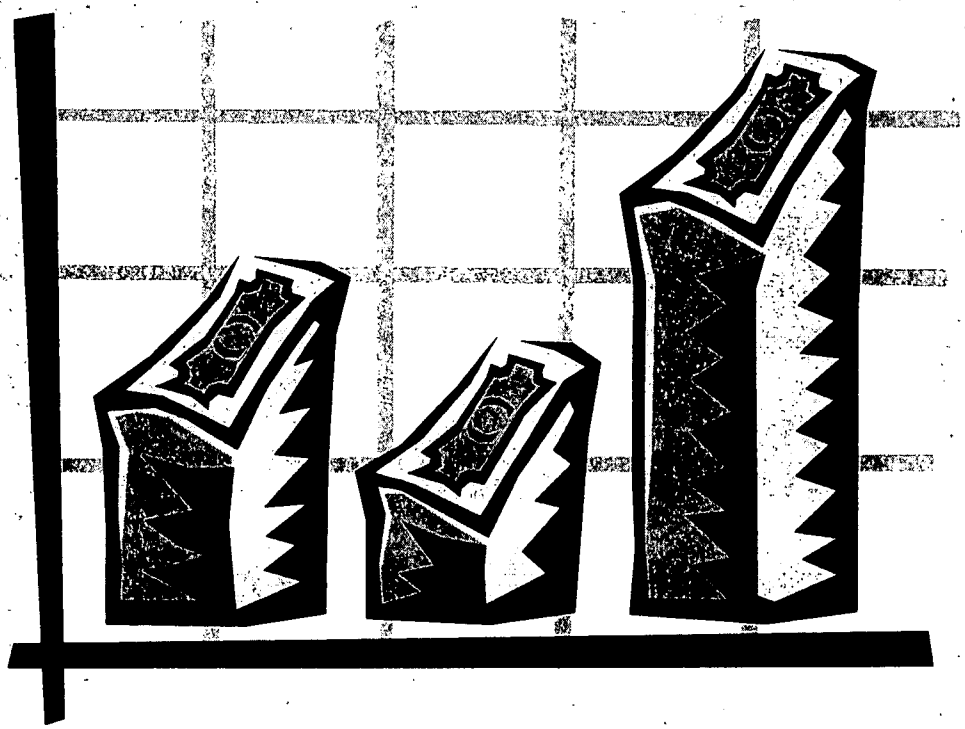
Senator Lucas called the meeting to order. Senator Lucas recognized Adam Levinson of Fiscal Research Division, who continued to present 'Developing the Budget for the Public Schools for 2005-2006', emphasis being on 'Basic Allotments and Personnel Salaries'. There were requests from the committee members for further conversation regarding Teacher's Assistant salaries. Questions from the committee members were raised and were answered.

There being no further business the chair adjourned the meeting at 2:50 P.M.

Senator Jeanne H. Lucas
Presiding Chair

Bernadette David-Yerumo
Committee Assistant

NC Public Schools: Basic Allotments



NC General Assembly

Joint Legislative Appropriations Subcommittee on Education

March 9, 2005

2:00 pm

NC Public Schools: Basic Allotments

State Aid to Local Education Agencies (LEAs)
FY 2004-05 General Fund Appropriations

Allotment Category	Budgeted Positions	Budgeted Funds
General Administration		
Central Office Administration		$101,434,583
Instructional Personnel and Related Services		
Classroom Teachers	64,712.50	$2,455,268,691
Teacher Assistants		$377,866,513
Instructional Support (Counselors, Social Workers, Psychologists, etc.)	6,983.50	$297,554,429
School Building Administration	4,051.60	$233,433,692
Classroom Materials/Instructional Supplies/Equipment		$65,569,689
Textbooks		$81,126,220
Annual Leave		$25,852,075
Mentor Pay		$8,100,140
ABC Incentive Awards		$108,000,000
Estimated Matching Benefits		$662,391,415
Subtotal		**$4,315,162,864**
Support		
Noninstructional Support Personnel		$309,077,459
Subtotal		**$4,624,240,323**

CENTRAL OFFICE ADMINISTRATION

FY 2004-05 Allotment: $101,434,583

TYPE: Dollar

TERM: July 1 - June 30

PURPOSE: Provides funding for salaries and benefits for central office administration. This category is used to pay for personnel including:

- Superintendent
- Directors/Supervisors/Coordinators
- Associate and Assistant Superintendents
- Finance Officers
- Child Nutrition Supervisors/Managers
- Community Schools Coordinators/Directors
- Athletic Trainers
- Health Education Coordinators
- Maintenance Supervisors
- Transportation Directors

****Funds cannot be expended for any of the above personnel outside of this allotment category.****

ELIGIBILITY: Each LEA is entitled to funding. The dollars allotted are based on the formula listed below.

FORMULA: The formula for FY 2003-2004 is based on HB 397, Joint Conference Committee Report on the Budget:

- Freeze local school administration units (LEAs) allotments at the FY 2002-03 allotment level.
- Reduce the FY 2002-03 allocations for each LEA by .76%.
- Adjust allotments by the net effect of other legislative changes (such as, legislative increases or benefit changes) and the reduction for charter school reserve.

The new formula for FY 2002-2003 developed by the State Board in accordance with SB 1005 was not implemented per SB 1115.
The following is the Formula that was in effect from Fiscal Year 1996 through Fiscal Year 2001.

Base Allotment
Each LEA receives a base allotment which is graduated based on allotted ADM. To determine the base, select the ADM range from the charts below and add the base and the supplemental base together.

Cities

ADM Ranges	Base	ADM over-range	$ per ADM over range
0 - 4,999	$360,000	0	$12.00
5,000 - 9,999	420,000	4,999	36.01
10,000 - 14,999	600,000	9,999	18.00
Each addt'l 5,000	add 90,000	add 5,000	18.00

Counties

ADM Ranges	Base	ADM over-range	$ per ADM over range
0 - 4,999	$420,000	0	$12.00
5,000 - 9,999	480,000	4,999	36.01
10,000 - 14,999	660,000	9,999	18.00
Each addt'l 5,000	add 90,000	add 5,000	18.00

Add-On Per ADM
After the base is allotted, the remaining funds are allocated to LEAs with ADM greater than 1,500 based on dollars per ADM.

SPECIAL PROVISIONS:

1. For FY 2000-01, all LEAs are held harmless to their FY 1999-00 allotment, unless they are a LEA which is losing its hold harmless provision due to merger. The formula will be phased-in as merged LEAs are no longer required to be held harmless and as funds are added to the budget.
2. Funds cannot be transferred into this category. Funds can be transferred out of this category by submitting an ABC transfer form.
3. Only expenditures for administrative personnel and matching benefits are allowed.
4. Refer to the General Information Section - Merged LEAs.
5. Federal law requires a match for Child Nutrition Supervisors. A State expenditure of $7.33 million is necessary for North Carolina to be eligible for Section 4 federal funds. If expenditures are projected to be below this level, a small percentage of this allotment might have to be expended for Child Nutrition to assure the match is met.
6. In accordance with **G.S. 115C-271** , a local board may terminate a Superintendent's contract before the contract term of employment has expired if all of the following conditions are met:
    a. No state funds are used for this purpose.
    b. Local funds appropriated for teachers, textbooks, or classroom materials, supplies and equipment are not transferred or used for this purpose.
    c. The local board makes public the funds that are to be transferred or used for this purpose.

d. The local Board notifies the State Board of the funds that are to be transferred or used for this purpose.

e. No funds acquired through donation or fund-raising are used for this purpose, except funds raised specifically for this purpose or for funds donated by private for-profit corporations.

2004-2005
CENTRAL OFFICE ADMINISTRATOR SALARY RANGES
ASSOCIATE SUPERINTENDENTS, ASSISTANT SUPERINTENDENTS, DIRECTORS, SUPERVISORS, COORDINATORS, AND FINANCE OFFICERS

Classification	Minimum Monthly Salary	Maximum Monthly Salary
School Administrator I	$2,932	$5,398
School Administrator II	$3,112	$5,726
School Administrator III	$3,303	$6,073
School Administrator IV	$3,436	$6,316
School Administrator V	$3,574	$6,570
School Administrator VI	$3,792	$6,969
School Administrator VII	$3,945	$7,249

NOTES:

1. Salary determinations shall be made by the local board of education within the salary range which corresponds to the School Administrator assignment.
2. ADD $126 per month for an appropriate advanced license.
3. ADD $253 per month for an appropriate advanced license and an earned doctorate.
4. The range maximums do not include advanced ($126) or doctoral ($253) monthly supplements.

2004-2005
SUPERINTENDENT SALARY RANGES

Classification	Minimum Monthly Salary	Maximum Monthly Salary
Superintendent I (Up to 2,500 ADM)	$4,187	$7,691
Superintendent II (2,501 - 5,000 ADM)	$4,445	$8,155
Superintendent III (5,001 - 10,000 ADM)	$4,716	$8,652
Superintendent IV (10,001 - 25,000 ADM)	$5,005	$9,177
Superintendent V (Over 25,000 ADM)	$5,312	$9,736

NOTES:

1. Salary Assignment: Superintendents are paid within salary ranges determined by the ADM of the local education agency (LEA) to which they are assigned. ADM is based on the higher of the best one of the first two months projected ADM, or the best one of the first two months prior year actual ADM. Placement within the ADM salary ranges is determined by the local board of education.
2. ADD $126 per month for an advanced superintendent's certificate (AS).
3. ADD $253 per month for an advanced superintendent's certificate based on an earned doctorate degree (DAS).
4. The range maximums do not include advanced ($126) or doctoral ($253) monthly supplements.

Classroom Teachers

FY 2004-05 Appropriation: $2,966,809,386

Allotment

- Position allotment, not a dollar allotment
- The "**Teacher Allotment Ratio**" determines the number of teacher positions a Local Education Agency (LEA) receives. For example, each LEA receives one teacher position for every 18 kindergartners in average daily membership (ADM).
- LEA allotments are calculated for each grade-span in the table below and added together. This number is then multiplied by the LEA's average monthly salary (determined from 6th pay period information from the previous year).
- LEAs decide how to apportion their positions: one position can pay for one teacher for ten moths, ten teachers for one month each, etc.

Salaries

- Certified teachers are initially placed on the "A" Teacher Salary Schedule if they have a Bachelor's degree, and on the "M" Teacher Salary Schedule if they have a Master's Degree.
- The teacher salary schedule does not reflect local supplements LEAs may provide
- Teachers move up the salary schedule based on years of experience as a teacher
- Teachers that earn certification through the National Board for Professional Teaching Standards (NBPTS) process qualify for a 12% pay increase
- Teachers may also be paid from Federal or local funds

Grade Span	Teacher Allotment Ratio	Class Size Average Ratio for LEA	Individual Class Size Maximum
K-3	1:18	1:21	1:24
4-6	1:22	1:26	1:29
7-8	1:21	1:26	1:29
9	1:24.5	1:26	1:29
10-12	1:26.64	1:29	1:32

Effective July 1, 2004

2004-2005
BACHELOR'S DEGREE CERTIFIED TEACHER
INCLUDES WORKPLACE DEVELOPMENT (VOC. ED.) TEACHERS
SALARY SCHEDULE

Years of Exp	Bachelor's Teacher			Bachelor's w/ NBPTS Certification		
	Monthly Salary	12 Monthly Installments	Annual Salary (10 months)	Monthly Salary	12 Monthly Installments	Annual Salary (10 months)
0	$2,542	$2,118.33	$25,420	N/A	N/A	N/A
1	$2,584	$2,153.33	$25,840	N/A	N/A	N/A
2	$2,628	$2,190.00	$26,280	N/A	N/A	N/A
3	$2,783	$2,319.17	$27,830	$3,117	$2,597.50	$31,170
4	$2,923	$2,435.83	$29,230	$3,274	$2,728.33	$32,740
5	$3,056	$2,546.67	$30,560	$3,423	$2,852.50	$34,230
6	$3,185	$2,654.17	$31,850	$3,567	$2,972.50	$35,670
7	$3,288	$2,740.00	$32,880	$3,683	$3,069.17	$36,830
8	$3,336	$2,780.00	$33,360	$3,736	$3,113.33	$37,360
9	$3,385	$2,820.83	$33,850	$3,791	$3,159.17	$37,910
10	$3,435	$2,862.50	$34,350	$3,847	$3,205.83	$38,470
11	$3,484	$2,903.33	$34,840	$3,902	$3,251.67	$39,020
12	$3,535	$2,945.83	$35,350	$3,959	$3,299.17	$39,590
13	$3,585	$2,987.50	$35,850	$4,015	$3,345.83	$40,150
14	$3,638	$3,031.67	$36,380	$4,075	$3,395.83	$40,750
15	$3,692	$3,076.67	$36,920	$4,135	$3,445.83	$41,350
16	$3,747	$3,122.50	$37,470	$4,197	$3,497.50	$41,970
17	$3,802	$3,168.33	$38,020	$4,258	$3,548.33	$42,580
18	$3,860	$3,216.67	$38,600	$4,323	$3,602.50	$43,230
19	$3,918	$3,265.00	$39,180	$4,388	$3,656.67	$43,880
20	$3,976	$3,313.33	$39,760	$4,453	$3,710.83	$44,530
21	$4,038	$3,365.00	$40,380	$4,523	$3,769.17	$45,230
22	$4,099	$3,415.83	$40,990	$4,591	$3,825.83	$45,910
23	$4,164	$3,470.00	$41,640	$4,664	$3,886.67	$46,640
24	$4,228	$3,523.33	$42,280	$4,735	$3,945.83	$47,350
25	$4,293	$3,577.50	$42,930	$4,808	$4,006.67	$48,080
26	$4,359	$3,632.50	$43,590	$4,882	$4,068.33	$48,820
27	$4,427	$3,689.17	$44,270	$4,958	$4,131.67	$49,580
28	$4,497	$3,747.50	$44,970	$5,037	$4,197.50	$50,370
29	$4,568	$3,806.67	$45,680	$5,116	$4,263.33	$51,160
30+	$4,568	$3,806.67	$45,680	$5,116	$4,263.33	$51,160

NOTE: "NBPTS" stands for National Board for Professional Teacher Standards. certification grants from a 12% increase

2004-2005
MASTER'S DEGREE CERTIFIED TEACHER
SALARY SCHEDULE

Years of Exp	Master's Teacher			Master's w/NBPTS Certification		
	Monthly Salary	12 Monthly Installments	Annual Salary (10 months)	Monthly Salary	12 Monthly Installments	Annual Salary (10 months)
0	$2,797	$2,330.83	$27,970	N/A	N/A	N/A
1	$2,843	$2,369.17	$28,430	N/A	N/A	N/A
2	$2,891	$2,409.17	$28,910	N/A	N/A	N/A
3	$3,060	$2,550.00	$30,600	$3,427	$2,855.83	$34,270
4	$3,215	$2,679.17	$32,150	$3,601	$3,000.83	$36,010
5	$3,362	$2,801.67	$33,620	$3,765	$3,137.50	$37,650
6	$3,503	$2,919.17	$35,030	$3,923	$3,269.17	$39,230
7	$3,617	$3,014.17	$36,170	$4,051	$3,375.83	$40,510
8	$3,669	$3,057.50	$36,690	$4,109	$3,424.17	$41,090
9	$3,723	$3,102.50	$37,230	$4,170	$3,475.00	$41,700
10	$3,778	$3,148.33	$37,780	$4,231	$3,525.83	$42,310
11	$3,833	$3,194.17	$38,330	$4,293	$3,577.50	$42,930
12	$3,888	$3,240.00	$38,880	$4,355	$3,629.17	$43,550
13	$3,943	$3,285.83	$39,430	$4,416	$3,680.00	$44,160
14	$4,002	$3,335.00	$40,020	$4,482	$3,735.00	$44,820
15	$4,061	$3,384.17	$40,610	$4,548	$3,790.00	$45,480
16	$4,121	$3,434.17	$41,210	$4,616	$3,846.67	$46,160
17	$4,183	$3,485.83	$41,830	$4,685	$3,904.17	$46,850
18	$4,245	$3,537.50	$42,450	$4,754	$3,961.67	$47,540
19	$4,310	$3,591.67	$43,100	$4,827	$4,022.50	$48,270
20	$4,374	$3,645.00	$43,740	$4,899	$4,082.50	$48,990
21	$4,442	$3,701.67	$44,420	$4,975	$4,145.83	$49,750
22	$4,509	$3,757.50	$45,090	$5,050	$4,208.33	$50,500
23	$4,580	$3,816.67	$45,800	$5,130	$4,275.00	$51,300
24	$4,651	$3,875.83	$46,510	$5,209	$4,340.83	$52,090
25	$4,721	$3,934.17	$47,210	$5,288	$4,406.67	$52,880
26	$4,795	$3,995.83	$47,950	$5,370	$4,475.00	$53,700
27	$4,870	$4,058.33	$48,700	$5,454	$4,545.00	$54,540
28	$4,947	$4,122.50	$49,470	$5,541	$4,617.50	$55,410
29	$5,025	$4,187.50	$50,250	$5,628	$4,690.00	$56,280
30+	$5,025	$4,187.50	$50,250	$5,628	$4,690.00	$56,280

NOTE: "NBPTS" stands for National Board for Professional Teacher Standards.

Teacher Assistants (TA)

FY 04-05 Allotment: $ 397,420,622

Allotment

- Dollar allotment, not a position allotment like teachers or principals
- Dollars allotted based on ADM in grades K-3 (for example, $886.33 per student in K-3 ADM)

Restrictions and Guidelines

- LEAs determine the number of TA positions they need to hire to meet their needs
- A school may transfer funds allotted for TAs to pay for additional teacher positions if it is part of its school improvement plan
- TA positions paid for through state funds must be used in K-3 classrooms
- Federal and local funds may also be used to pay for TA positions; these positions are not restricted to serve in K-3 classrooms

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Salaries

- Teacher assistants are paid on the State employees' salary schedule (note: different from the teacher salary schedule)
- Each teacher assistant must be paid at least at state salary grade 54 ($15,110-$23,900)
- TAs are classified at state salary grade 56, but the State Board's policy is that until there is legislative funding to shift TA's to salary grade 56 TAs will be paid at a minimum of salary grade 54.

2004-2005
Public School Employees

Grade	Monthly Amounts	
	Minimum	Maximum
50	$1,413.11	$2,064.37
51	$1,423.05	$2,179.58
52	$1,433.17	$2,222.25
53	$1,469.22	$2,303.11
54	$1,510.58	$2,390.49
55	$1,534.33	$2,476.81
56	$1,588.75	$2,574.91
57	$1,623.25	$2,678.39
58	$1,657.75	$2,784.36
59	$1,718.83	$2,895.77
60	$1,782.42	$3,016.59
61	$1,851.58	$3,141.14
62	$1,919.75	$3,267.21
63	$1,993.42	$3,400.96
64	$2,068.25	$3,545.53
65	$2,146.75	$3,702.08
66	$2,231.75	$3,862.45
67	$2,323.50	$4,022.00
68	$2,415.58	$4,209.55
69	$2,513.00	$4,401.15
70	$2,620.92	$4,605.11
71	$2,727.42	$4,814.19
72	$2,837.50	$5,033.26
73	$2,954.33	$5,266.89
74	$3,083.58	$5,515.64
75	$3,222.08	$5,772.52
76	$3,361.50	$6,043.07
77	$3,518.33	$6,325.80
78	$3,677.58	$6,626.09
79	$3,848.58	$6,940.14
80	$4,024.08	$7,265.10
81	$4,210.08	$7,607.52
82	$4,398.67	$7,974.49
83	$4,608.00	$8,363.28
84	$4,824.08	$8,766.89
85	$5,049.67	$9,188.27
86	$5,284.58	$9,632.83

2004-2005
Curriculum Support Personnel
Salary Ranges

Classification	Salary Grade
Braillist	59
Educational Interpreter (See Note 1)	59
Educational Interpreter I (See Note 1)	62
Educational Interpreter II (See Note 1)	64
Exceptional Children Data Manager	63
Occupational Therapist	76
Occupational Therapist Assistant	64
Orientation and Mobility Specialist	68
Parent Counselor-Trainer	63
Physical Therapist	76
Physical Therapist Assistant	64
School Health Assistant	52
School Nurse (Not Holding)	68
Speech-Language Pathology Assistant	64
Teacher Assistant	54
(see NOTE 2 below)	56
Technology Assistant	61
Therapeutic Recreation Specialist	67
Vocational Technical Assistant	54

Rule: Non-certified salaries are based on a 40-hour workweek.
Exception: Local boards of education set the standard workweek (not to exceed 40 hours) for teacher assistants.
NOTE 1: In Nov. 2002 the SBE approved a change of pay grade for Educational Interpreters. If an educational interpreter is currently employed and does not meet the standards of an Educational Interpreter I or II, they are to be paid at a pay grade 59. They have until July 2005 by which to meet the standards
NOTE 2: Teacher assistants are classified at salary grade 56. However, until legislation provides funding to pay teacher assistants at salary grade 56, teacher assistants must be paid at least at the minimum of salary grade 54.

Instructional Support Personnel

FY 04-05 Appropriation: $ 354,595,397

Background

- Position allotment
- Instructional support positions allotted at a rate of 1:200.10 students in Average Daily Membership (ADM)
- LEAs decide what types of personnel (Guidance Counselor, Social Worker, etc.) they wish to hire
- LEAs may use these positions to hire additional teachers in efforts to reduce class size
- Instructional support positions can also be provided through federal or local funds

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Positions

There are twelve positions included in this category:

Media Services
School Social Workers
Guidance Counselors
School Psychologists
Health Services (Nurses)
Speech Pathology
Career Development
Special Populations
Other Pupil Support
Instructional Improvement
VoCATS
Technology Support

Instructional Support Positions (FTE), FY 2002-2005

Fiscal Year	Total	% Change
2001-02	9,436.31	N/A
2002-03	9,595.48	2%
2003-04	9,476.97	-1%
2004-05	10,062.88	6%

Source: NC Department of Public Instruction

Average Monthly Salary By Source of Fund for Specific Positions, FY 2004-05

Position	State	Federal	Local
Social Worker	$ 3,962	$ 3,601	$ 3,350
Guidance Counselor	$ 4,127	$ 3,888	$ 3,326
Health Services	$ 4,271	$ 3,863	$ 3,533
School Psychologist	$ 4,594	$ 4,261	$ 4,448

Source: NC Department of Public Instruction

2004-2005
SCHOOL PSYCHOLOGIST SALARY SCHEDULE
(INCLUDING MASTER'S LEVEL SPEECH-LANGUAGE PATHOLOGISTS AND MASTER'S LEVEL AUDIOLOGISTS)

Years of Exp.	Master's		Advanced		Doctorate	
	Monthly Salary	12 Monthly Installments	Monthly Salary	12 Monthly Installments	Monthly Salary	12 Monthly Installments
0	$3,362	$2,801.67	$3,488	$2,906.67	$3,615	$3,012.50
1	$3,503	$2,919.17	$3,629	$3,024.17	$3,756	$3,130.00
2	$3,617	$3,014.17	$3,743	$3,119.17	$3,870	$3,225.00
3	$3,669	$3,057.50	$3,795	$3,162.50	$3,922	$3,268.33
4	$3,723	$3,102.50	$3,849	$3,207.50	$3,976	$3,313.33
5	$3,778	$3,148.33	$3,904	$3,253.33	$4,031	$3,359.17
6	$3,833	$3,194.17	$3,959	$3,299.17	$4,086	$3,405.00
7	$3,888	$3,240.00	$4,014	$3,345.00	$4,141	$3,450.83
8	$3,943	$3,285.83	$4,069	$3,390.83	$4,196	$3,496.67
9	$4,002	$3,335.00	$4,128	$3,440.00	$4,255	$3,545.83
10	$4,061	$3,384.17	$4,187	$3,489.17	$4,314	$3,595.00
11	$4,121	$3,434.17	$4,247	$3,539.17	$4,374	$3,645.00
12	$4,183	$3,485.83	$4,309	$3,590.83	$4,436	$3,696.67
13	$4,245	$3,537.50	$4,371	$3,642.50	$4,498	$3,748.33
14	$4,310	$3,591.67	$4,436	$3,696.67	$4,563	$3,802.50
15	$4,374	$3,645.00	$4,500	$3,750.00	$4,627	$3,855.83
16	$4,442	$3,701.67	$4,568	$3,806.67	$4,695	$3,912.50
17	$4,509	$3,757.50	$4,635	$3,862.50	$4,762	$3,968.33
18	$4,580	$3,816.67	$4,706	$3,921.67	$4,833	$4,027.50
19	$4,651	$3,875.83	$4,777	$3,980.83	$4,904	$4,086.67
20	$4,721	$3,934.17	$4,847	$4,039.17	$4,974	$4,145.00
21	$4,795	$3,995.83	$4,921	$4,100.83	$5,048	$4,206.67
22	$4,870	$4,058.33	$4,996	$4,163.33	$5,123	$4,269.17
23	$4,947	$4,122.50	$5,073	$4,227.50	$5,200	$4,333.33
24	$5,025	$4,187.50	$5,151	$4,292.50	$5,278	$4,398.33
25	$5,106	$4,255.00	$5,232	$4,360.00	$5,359	$4,465.83
26	$5,188	$4,323.33	$5,314	$4,428.33	$5,441	$4,534.17
27	$5,270	$4,391.67	$5,396	$4,496.67	$5,523	$4,602.50
28	$5,355	$4,462.50	$5,481	$4,567.50	$5,608	$4,673.33
29	$5,440	$4,533.33	$5,566	$4,638.33	$5,693	$4,744.17
30+	$5,440	$4,533.33	$5,566	$4,638.33	$5,693	$4,744.17

NOTE: Speech-language pathologists and audiologists who are not certified at the master's level in their field are to be paid on the teacher salary schedule according to their highest level of certification.

School Based Administration (SBA)

FY 2004-05 Appropriation: $274,271,877

Background

- SBA funding is allocated based on months of employment (MOE) rather than positions or dollars

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Allotment

- Funding for principals and assistant principals are calculated separately and then combined into one allotment
- Each school with 100 pupils in final average daily membership (ADM) for the prior year and at least seven state funded teacher positions is entitled to twelve months of employment (MOE) for a principal.
- Local Education Agencies (LEAs) are entitled to one month of employment for an assistant principal per 76.12 students in ADM.
- An LEA's SBA allotment is the sum of two calculations:
    - (Total Principal MOE) X (Average Principal Salary)
    - (Total Assistant Principal MOE) X (Average Assistant Principal Salary)

Salaries

- Principals and Assistant Principals are paid on their own salary schedule, different from that of teachers
- Principals are initially placed on the salary schedule based on years of experience, education level, and the number of teachers they administer.
- Thereafter, a principal's pay step is determined by the number of years as a principal with one additional step for every three years as a principal
- Assistant Principals are paid based on experience and education level
- SBA are not eligible for ABC bonuses, except for a three year provision between 1998 and 2000

2004-2005
Principal and Assistant Principal Salary Schedules
Base Salary Schedule. No ABCs or Safe Schools Incentives
(Monthly Amounts)

	Classification								
	1	1	2	3	4	5	6	7	8
Yrs of Exp	Assistant Principal	Principal I (0-10)	Principal II (11-21)	Principal III (22-32)	Principal IV (33-43)	Principal V (44-54)	Principal VI (55-65)	Principal VII (66-100)	Principal VIII (101+)
0-4	$3,248								
5	$3,396								
6	$3,539								
7	$3,653								
8	$3,706	$3,706							
9	$3,760	$3,760							
10	$3,816	$3,816	$3,871						
11	$3,871	$3,871	$3,927						
12	$3,927	$3,927	$3,983	$4,042					
13	$3,983	$3,983	$4,042	$4,101	$4,163				
14	$4,042	$4,042	$4,101	$4,163	$4,225	$4,288			
15	$4,101	$4,101	$4,163	$4,225	$4,288	$4,353			
16	$4,163	$4,163	$4,225	$4,288	$4,353	$4,417	$4,486		
17	$4,225	$4,225	$4,288	$4,353	$4,417	$4,486	$4,554	$4,697	
18	$4,288	$4,288	$4,353	$4,417	$4,486	$4,554	$4,627	$4,769	$4,843
19	$4,353	$4,353	$4,417	$4,486	$4,554	$4,627	$4,697	$4,843	$4,919
20	$4,417	$4,417	$4,486	$4,554	$4,627	$4,697	$4,769	$4,919	$4,996
21	$4,486	$4,486	$4,554	$4,627	$4,697	$4,769	$4,843	$4,996	$5,076
22	$4,554	$4,554	$4,627	$4,697	$4,769	$4,843	$4,919	$5,076	$5,177
23	$4,627	$4,627	$4,697	$4,769	$4,843	$4,919	$4,996	$5,177	$5,281
24	$4,697	$4,697	$4,769	$4,843	$4,919	$4,996	$5,076	$5,281	$5,387
25	$4,769	$4,769	$4,843	$4,919	$4,996	$5,076	$5,177	$5,387	$5,495
26	$4,843	$4,843	$4,919	$4,996	$5,076	$5,177	$5,281	$5,495	$5,604
27	$4,919	$4,919	$4,996	$5,076	$5,177	$5,281	$5,387	$5,604	$5,716
28	$4,996	$4,996	$5,076	$5,177	$5,281	$5,387	$5,495	$5,716	$5,831
29	$5,076	$5,076	$5,177	$5,281	$5,387	$5,495	$5,604	$5,831	$5,948
30	$5,177	$5,177	$5,281	$5,387	$5,495	$5,604	$5,716	$5,948	$6,066
31	$5,281	$5,281	$5,387	$5,495	$5,604	$5,716	$5,831	$6,066	$6,188
32		$5,387	$5,495	$5,604	$5,716	$5,831	$5,948	$6,188	$6,312
33			$5,604	$5,716	$5,831	$5,948	$6,066	$6,312	$6,438
34			$5,716	$5,831	$5,948	$6,066	$6,188	$6,438	$6,567
35				$5,948	$6,066	$6,188	$6,312	$6,567	$6,698
36				$6,066	$6,188	$6,312	$6,438	$6,698	$6,831
37					$6,312	$6,438	$6,567	$6,831	$6,968
38						$6,567	$6,698	$6,968	$7,107
39							$6,831	$7,107	$7,249
40							$6,968	$7,249	$7,394
41								$7,394	$7,542

# of teachers they supervise

Notes:
1. ADD $126 per month for an earned advanced degree.
2. ADD $253 per month for an earned doctorate degree.
3. Placement on one of the Base through Base + 6% salary schedules is determined by 1997-98, 1998-99 and 1999-2000 only ABCs and School Safety accomplishments.

Title 1 schools

CLASSROOM MATERIALS/INSTRUCTIONAL SUPPLIES/EQUIPMENT

FY 2004-05 Allotment: $65,569,689

TYPE: Dollars

TERM: July 1 - June 30

PURPOSE: Provides funds for Instructional Materials and Supplies, Instructional Equipment, and Testing Support.

ELIGIBILITY: Each LEA is entitled to funding.

FORMULA: Funds for Instructional Materials, Supplies, and Equipment are distributed based on allotted ADM.
Funds for each student to take the Preliminary Scholastic Aptitude Test (PSAT) are allotted based on ADM in grades 8 and 9.

SPECIAL PROVISIONS:

1. If included in your school's improvement plan, funds may be transferred only to textbooks by submitting an ABC transfer form.
2. In accordance with **G.S. 115C-174.18** , every student shall be given an opportunity to take a version of the PSAT one time at State expense. These expenses shall be paid from PRC 061.

TEXTBOOKS

FY 2004-05 Allotment: $81,126,220

TYPE: Dollars

TERM: July 1 - June 30 plus limited carryover

PURPOSE: Provides funding for state-adopted textbooks. LEAs should use their state textbook funds to provide, from the state-adopted list, textbooks for handicapped students.

ELIGIBILITY: Each LEA is entitled to funding.

FORMULA: Funds for Textbooks are distributed based on allotted ADM in grades K-12.

SPECIAL PROVISIONS:

1. Requests for reimbursement of local fund expenditures for textbooks for handicapped students should be submitted to the Division of Financial Services, Textbooks Section.
2. Textbook funds that are eligible to carry over are calculated as follows:
    - Prior Year June 30 textbook balance
    - Plus: Current year allotment
    - Less: Current year textbook expenses
    - Equals: Funds eligible to carry over
3. If included in a school's improvement plan, funds may be transferred only to Classroom Materials/Instructional Supplies/Equipment (PRC 061) by submitting an ABC transfer form.
4. Textbooks is defined under **G.S. 115C-85** as "systematically organized material comprehensive enough to cover the primary objectives outlined in the standard course of study for a grade or course." Formats for textbooks may be print or non-print, including hardbound books, softbound books, activity- oriented programs, classroom kits, and technology-based programs that require the use of electronic equipment in order to be used in the learning process.
5. Local boards of education may:
    a. Select, procure, and use textbooks that have not been adopted by the State Board of Education for use throughout the local school administrative unit for selected grade levels and courses; and
    b. Approve school improvement plans developed under **G.S. 115C-105.22** that include provisions for using textbooks that have not been adopted by the State Board of education for selected grade levels and courses.

All textbook contracts made under this subsection shall include a clause granting to the local board of education the license to produce Braille, large print, and audiocassette tape copies of the textbooks for use in the local school administrative unit.

MENTORS

FY 2004-05 Allotment: $8,100,140

STATUTORY REFERENCE: G.S. 115C-296 (e) and HB 397 Section 7.30 (a)

TYPE: No allotment is made for mentors. Eligible expenditures will be covered as reported through UERS for LEAs.

The following guidelines apply:

- Only teachers and instructional support (guidance counselors, psychologist, social workers, and media specialist) can be paid as mentors.
- Mentors must be qualified and well-trained personnel who are assigned to State-funded positions who are either (i) newly certified teachers in their first two years of employment as teachers or (ii) entry-level instructional support personnel who have not previously been teachers and who are in their first year of employment as instructional support personnel.
- Mentors will receive a stipend of (i) $100 per month for a maximum of ten months and (ii) $100 for serving as a mentor for one day prior to the start of the school year (does not include mentors for instructional support or second year teachers).
- Mentors may receive $100 per month. Their pay is not based on the number of newly certified teachers or instructional support personnel to whom they are assigned.

ABC INCENTIVE AWARDS

FY 2004-05 Allotment: $108,000,000

TYPE: Dollars

TERM: July 1 through November 30

PURPOSE: Provides funding to LEAs that meet or exceed growth standards as established in ABC guidelines.

ELIGIBILITY: Based on growth standards, all schools will have an opportunity to receive awards.

FORMULA: 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.

SPECIAL PROVISIONS:

1. It is recommended that Incentive Awards be paid to eligible personnel by the first payroll period after the funds are allotted.
2. Awards must be paid to eligible personnel by the second payroll period after the funds are allotted.
3. Funds can only be distributed to certified personnel (object codes 114, 116, 119 paid out of PRC 005, 121, 123, 124, 128, 129, and 139) and teacher assistants (object codes 142, 144, and 147) . All current School Improvement Plans which designate other personnel to receive the award or allow the funds to be used for non-bonus items are now void.
4. If funding is available, schools/LEAs can request adjusted allotments if documentation indicates that additional funding is appropriate. Each request will be carefully reviewed to determine why the records transmitted monthly did not correctly report the staffing levels of the school.
5. Certified personnel and teacher assistants in schools serving grades K-2 are eligible for ABC Incentive Bonuses based on the ABC status of the school that receives the largest percentage of the K-2 students .
6. Pre-kindergarten certified personnel and teacher assistants are eligible so long as they were assigned to a public school pre-kindergarten program that is located within a public elementary school and is designed to prepare students for kindergarten at that school.

Incentive awards for eligible federally paid personnel must be paid from federal funds.

EMPLOYER BENEFIT COSTS

FY 2004-05 Allotment: $662,391,415

Benefit Rates (FY 2004-05):

Hospitalization	$3,432 per year per full-time equivalent position
Social Security	7.65%
Retirement	5.815%

Effective July 13, 1989, a person must be a permanent employee as defined in the North Carolina Public School Employee Leave Policies , and must be employed for thirty or more hours per week in order for an LEA to submit the employee for enrollment in the State Retirement System and the State Health Insurance System. Charter Schools may elect to participate in the State Retirement System and the State Health Insurance System. Charter School decisions to enroll in the State Retirement System and State Health Insurance system are final.

ANNUAL LEAVE

STATUTORY REFERENCE: G.S. 115C-316
No allotment is made for annual leave. Eligible expenditures will be covered as reported through UERS (Uniform Education Reporting System) for LEAs.

LONGEVITY

No allotment is made for longevity. Eligible expenditures will be covered as reported through UERS for LEAs.

Longevity Schedule

Years of Total State Service	Longevity Pay Rate
10 but less than 15 years	1.50 percent
15 but less than 20 years	2.25 percent
20 but less than 25 years	3.25 percent
25 or more years	4.50 percent

NONINSTRUCTIONAL SUPPORT PERSONNEL

FY 2004-05 Allotment: $309,077,459

TYPE: Dollars

TERM: Varied, July 1 - June 30

PURPOSE: Provides funding for non-instructional support personnel and associated benefits. These funds may be used at the central office or at individual schools. The funds may be used for:

- Clerical Assistants
- Custodians
- Duty Free Period
- Liability Insurance
- Substitutes
- Textbook Commission - Clerical Assistant

ELIGIBILITY: Each LEA is entitled to funding. The dollars allotted are based on the formula listed below.

FORMULAS: Funds are allotted on the basis of dollars per allotted ADM. $6,000 for clerical assistants is allotted to each LEA with a member in the textbook commission.

SPECIAL PROVISIONS:

1. The LEA shall determine the assignment, the length of employment, and the pay level in accordance with the North Carolina Public School Personnel State Salary Schedule. Substitutes must be paid in accordance with Section 1, page 12 of the Allotment Policy Manual.
2. There is no limit on the number of individuals that can be employed as long as all employees are placed on the North Carolina Public School Personnel State Salary Schedule and the LEA does not exceed the total dollars.
3. By the end of the third payroll period, the average salary paid at the LEA must be at least 98% of the State-allotted amount for clerical assistants and custodians.
4. If included in a school's improvement plan, funds may be transferred for teachers. Up to 3% of allocated funds may be transferred for staff development. Submit an ABC Transfer Form to transfer funds. (G.S. 115C-105.25.2A).
5. Employment of Textbook Commission Clerical Assistants is at the discretion of the Textbook Commission member, however the employment of clerical assistants must follow the guidelines that govern the employment of other personnel within the LEA. Members are strongly advised **not** to hire members of their immediate family. The LEA that employs the clerical assistant codes their salary as an expense.

6. An increase in each LEA's allotment will be made on a monthly basis based upon the LEAs extended sick leave, personal leave, and other leave requiring deductions from the teacher's pay ($50).
7. A reserve of $250,000 has been established for LEAs who are in need of economic relief due to prolonged teacher absences resulting in an unpredictably large increase in substitute expenses. LEA requests for funds will be granted based on the criteria in this policy as long as funds are available.
    a. The LEA must send a written request to the Public Schools of North Carolina, School Allotments Section, stating:
        1. Why are additional funds needed? (Provide details of the qualifying condition with supporting documentation.)
        2. The amount needed. (Provide details of how this amount was determined.)
        3. Why other sources of funds are not available.
    b. The LEA must have not transferred any funds out of non-instructional support during the fiscal year for which additional funds are requested.
    c. Request must be made by April 1 to allow time for processing and ensure expenditures are paid prior to June 30.
8. If the Governor, State Board Chairman, or State Superintendent of Public Instruction schedules an event (meeting) to invite teachers, funds will be allotted to cover the cost of substitutes while the teachers are out of the classroom.

2004-2005
Child Nutrition Personnel
Salary Ranges

Classification	Salary Grade
Child Nutrition Assistant	
I	50
II	52
III	54
IV	55
Child Nutrition Manager	
I	55
II	56
III	57
IV	58
Child Nutrition Supervisor & Child Nutrition Director I	
I	61
II	64
III	68
IV	72
Child Nutrition Director II (Bachelor's Degree)	
III	N/A
IV	N/A
Child Nutrition Director II (Advanced Degree)	N/A

Rule: Noncertified salaries are based on a 40-hour workweek.

2004-2005
Maintenance Personnel
Salary Ranges

Classification	Salary Grade
Cabinet Maker	61
Carpenter I	57
Carpenter II	61
Carpentry Crew Leader	63
Carpenter Supervisor	65
Custodian I	50
Custodian II	51
Custodian Crew Leader	52
Custodian Supervisor I	56
Custodian Supervisor II	58
Custodian Supervisor III	60
Electrician I	59
Electrician II	63
Electrician Crew Leader	64
Electrician Supervisor I	66
Electrician Supervisor II	68
Electronic Technician I	64
Electronic Technician II	67
Floor Maintenance Assistant I	53
Floor Maintenance Assistant II	55
Floor Maintenance Crew Leader	56
Floor Maintenance Supervisor	62
Glazier	60
Grounds Keeper I	56
Grounds Keeper II	58
Grounds Crew Leader	59

Rule: Noncertified salaries are based on a 40-hour workweek

2004-2005
Maintenance Personnel, cont.
Salary Ranges

Classification	Salary Grade
Grounds Supervisor I	63
Grounds Supervisor II	65
HVAC Mechanic I	65
HVAC Mechanic II	67
HVAC Supervisor	69
Laborer	50
Locksmith	62
Machine Operator	57
Maintenance Supervisor/Director	
I	65
II	66
III	68
IV	70
V	70
VI	72
VII	74
VIII	76
IX	77
X	78
Mason	63
Painter I	59
Painter II	61
Painter Crew Leader	62
Plasterer I	63
Plasterer Crew Leader	65
Plumber I	59
Plumber II	63
Plumber Crew Leader	64
Refrigeration Mechanic	61
Roofer	61
Warehouse Manager I	61
Warehouse Manager II	63
Waste Water Plant Operator I	57
Waste Water Plant Operator II	62
Waste Water Plant Operator III	70
Welder I	61
Welder II	63
Welder Crew Leader	65

Rule: Noncertified salaries are based on a 40-hour workweek.

2004-2005
Office Support Personnel
Salary Ranges

Classification	Salary Grade
Distance Learning Instructional Assistant	54
Local Area Network (LAN) Engineer	74
Office Support I	55
Office Support II	57
Office Support III	59
Office Support IV	61
Office Support V	63
Student Information Data Manager I (see note)	61
Student Information Data Manager II (see note)	63
Technology Technician I	64
Technology Technician II	68
Technology Technician III	72
Wide Area Network (WAN) Engineer	76

Rule: Noncertified salaries are based on a 40-hour workweek.

2004-2005
Transportation Personnel
Salary Ranges

Classification	Salary Grade
Bus Driver	51
Transportation Safety Assistant	50
Transportation Mechanic	
I	59
II	63
III	65
Transportation Supervisor	67
Transportation Director	
I	66
II	66
III	68
IV	71
V	71
VI	72
VII	74
VIII	76
IX	77
X	78
Vehicle Operator	53

Rule: Noncertified salaries are based on a 40-hour workweek.

2:00

VISITOR REGISTRATION SHEET

J.T. Approp. on Subcom. on Ed. — 3-9-05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Mary Morgan Reeves	Cowper Consulting
Joel Maynard	Char/Meck Schools
Karen Cheng	Dept of Public Instruction
Lydia Pride	" " " "
Molly Ryan	NCSBA
Linda Ryan	SBE/DPI
Bryan Emrick	OSBM
Kathryn Gaye	NCASA
Ellen Frances	PEMC
Elizabeth Burmeister	OSBM
Alexis Schurz	PPI
Anne Bender	OSBM
Joanne Runyan	NCSBA
Carol Faucette	EGLS
[illegible]	[illegible]
Ben Causby	NCSFA

2:00

VISITOR REGISTRATION SHEET

JT. Approp. Subcom. on Ed. 3-9-05

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
D Bryant	~~ASU~~ ECU Alumni
Nikki McDougald	Intern
Marcus Downs	NCAE
Tripp Melton	Sen. Stevens Intern
Angella Braxton	NC Justice Center
John Marshall	Gov. Office
Mary Doty	AFT
Marie Flemming	University System

Joint Appropriations Subcommittee on Education

Agenda

Thursday, March 10, 2005, 8:30 A.M.
Room 421, Legislative Office Building

Representative Yongue, Presiding

I. Welcome

Representative Yongue

II. Supplemental Allotments in the Public Schools

Adam Levinson, *Fiscal Research Division*

III. Committee Questions

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

March 10, 2005, 8:30 a.m.

The House Appropriations Subcommittee on Education met jointly with the Senate Appropriations Subcommittee on Education/Higher Education in Room 421 of the Legislative Office Building and convened at 8:30 am Committee The following Representatives were present: Jeffus, Tolson, Rapp, Cleveland, Fisher, Michaux, Sauls. Also in attendance were the following Senators: Lucas, Swindell, Atwater, Garwood, and Stevens. The Visitor Registration list is attached and made part of these minutes (Attachment 1).

Chairman Yongue called the meeting to order and recognized two House pages – Alexandra Kyerematen of Wake County, sponsored by Senator Neal Hunt and Ashley Chavis, also of Wake County, sponsored by Senator Malone and Sergeant-at-Arms staff.

Adam Levinson of the Fiscal Research Division presented the public schools supplemental allotment categories and budgeted funds. With each allotment category, beginning with the Academically and Intellectually Gifted, Mr. Levinson presented an explanation of each category's eligibility and purpose, the allotment formula, the appropriation, and expenditure (Attachment 2).

Questions were raised and addressed.

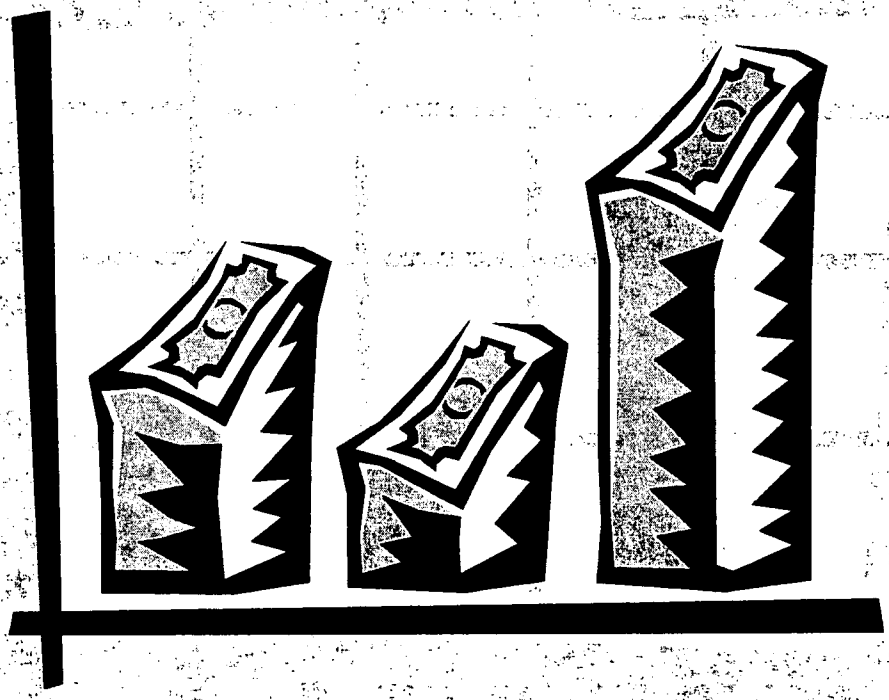
Mr. Levinson skipped one allotment category, Low Wealth funding in small school districts in order to give this issue more time and discussion in the next appointed meeting.

There being no further business, Chairman Yongue adjourned the meeting early at 9:20 a.m.

Douglas Y. Yongue

Katie Stanley

NC Public Schools: Supplemental Allotments



North Carolina General Assembly

Joint Legislative Appropriations
Subcommittee on Education

March 10, 2004

8:30 am

Supplemental Allotments

Purpose: to provide LEAs with *additional funds* to help schools address conditions that can create disparities among students

State Aid to Local Education Agencies (LEAs)
FY 2004-05 General Fund Appropriations

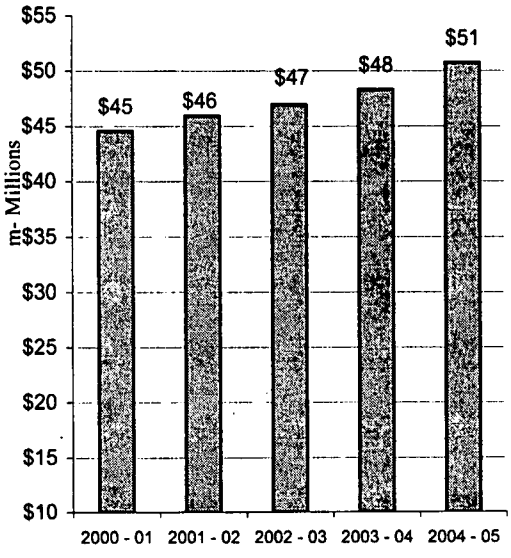
Allotment Category	Budgeted Positions	Budgeted Funds
Categorical Programs		
Academically & Intellectually Gifted		$50,739,625
At Risk Student Services/Alternative Schools		$186,280,082
Children with Special Needs		$548,067,517
Continually Low-performing - extended contract days	7.22	$273,898
Driver Education (Highway Fund)		$31,939,945
High Priority - extended contract days	54.76	$2,077,380
Improving Student Accountability		$34,846,211
Intervention/Assistance Teams		$2,864,985
Limited English Proficiency		$38,643,103
Low Wealth Supplemental Funding		$109,382,460
School Technology		$5,000,000
Small County Supplemental Funding		$37,489,844
Staff Development		$12,000,905
Transportation		$283,265,988
Vocational Education	5,889.70	$319,319,561
Subtotal		**$1,662,191,504**

Academically & Intellectually Gifted

Eligibility and Purpose	Each LEA is entitled to funding based on the formula outlined below. The funds in this category may be used only (i) for academically or intellectually gifted students, (ii) to implement the plan for providing appropriate educational services to academically or intellectually gifted students in accordance with G.S. 115C-150.7, (iii) for children with special needs; or (iv) in accordance with an accepted school improvement plan.
Allotment Formula	Each LEA receives dollars per child for four percent (4%) of their allotted ADM regardless of the number of children identified as academically or intellectually gifted in the LEA

Appropriations and Expenditures

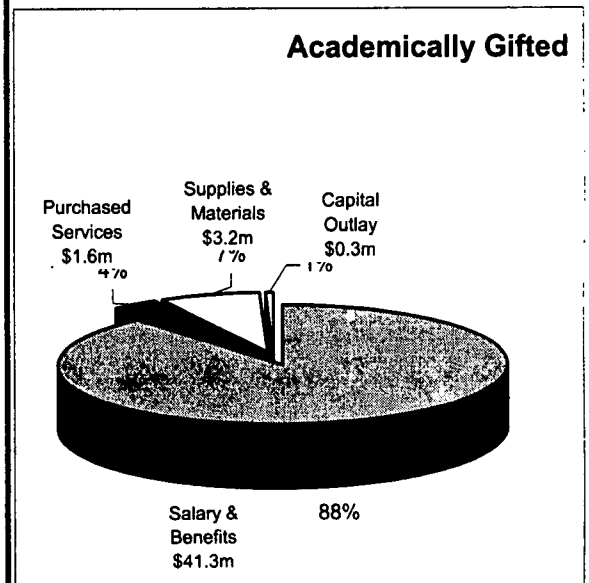
Appropriations
FY 2000-01 - FY 2004-05



FY 2003-04 Expenditures

	$	46,547,290	100%
			0%
Total	$	46,547,290	100%

Expenditures
FY 2003-04



Academically or Intellectually Gifted
FY 2004-05 Initial Allotments

LEA No.	LEA Name	FY 04-05 Initial Allotment
010	Alamance Co.	806,112
020	Alexander Co.	211,257
030	Alleghany Co.	55,594
040	Anson Co.	163,075
050	Ashe Co.	118,600
060	Avery Co.	86,171
070	Beaufort Co.	268,704
080	Bertie Co.	126,013
090	Bladen Co.	214,037
100	Brunswick Co.	402,129
110	Buncombe Co.	922,859
111	Asheville City	143,618
120	Burke Co.	539,261
130	Cabarrus Co.	841,321
132	Kannapolis City	173,268
140	Caldwell Co.	482,741
150	Camden Co.	64,860
160	Carteret Co.	306,693
170	Caswell Co.	126,939
180	Catawba Co.	618,019
181	Hickory City	168,635
182	Newton-Conover City	108,408
190	Chatham Co.	271,484
200	Cherokee Co.	136,205
210	Chowan Co.	92,657
220	Clay Co.	47,255
230	Cleveland Co.	652,302
240	Columbus Co.	259,438
241	Whiteville City	100,069
250	New Bern Craven	539,261
260	Cumberland Co.	1,976,364
270	Currituck Co.	142,691
280	Dare Co.	180,680
290	Davidson Co.	723,648
291	Lexington City	116,747
292	Thomasville City	99,142
300	Davie Co.	229,788
310	Duplin Co.	326,151
320	Durham Public	1,141,528
330	Edgecombe Co.	281,676
340	Forsyth Co.	1,784,565
350	Franklin Co.	291,868
360	Gaston Co.	1,149,868
370	Gates Co.	73,199
380	Graham Co.	45,402
390	Granville Co.	325,224
400	Greene Co.	119,527
410	Guilford Co.	2,472,076
420	Halifax Co.	201,065
421	Roanoke Rapids City	111,188
422	Weldon City	39,842
430	Harnett Co.	627,285
440	Haywood Co.	295,574
450	Henderson Co.	463,283
460	Hertford Co.	133,425
470	Hoke Co.	244,613
480	Hyde Co.	25,017
490	Iredell Statesville	728,280
491	Mooresville City	164,002

LEA No.	LEA Name	FY 04-05 Initial Allotment
500	Jackson Co.	134,352
510	Johnston Co.	974,747
520	Jones Co.	50,961
530	Lee Co.	338,196
540	Lenoir Co.	378,039
550	Lincoln Co.	425,293
560	Macon Co.	153,810
570	Madison Co.	96,363
580	Martin Co.	165,855
590	McDowell Co.	242,760
600	Mecklenburg Co.	4,365,049
610	Mitchell Co.	86,171
620	Montgomery Co.	166,782
630	Moore Co.	444,751
640	Nash-Rocky Mount	675,466
650	New Hanover Co.	832,982
660	Northampton Co.	120,453
670	Onslow Co.	809,818
680	Orange Co.	245,540
681	Chapel Hill-Carrboro City	404,909
690	Pamlico Co.	63,933
700	Pasquotank Co.	218,669
710	Pender Co.	262,218
720	Perquimans Co.	63,933
730	Person Co.	214,963
740	Pitt Co.	798,699
750	Polk Co.	89,877
760	Randolph Co.	675,466
761	Asheboro City	167,708
770	Richmond Co.	306,693
780	Robeson Co.	894,136
790	Rockingham Co.	543,894
800	Rowan Co.	771,829
810	Rutherford Co.	368,773
820	Sampson Co.	304,840
821	Clinton City	107,482
830	Scotland Co.	255,732
840	Stanly Co.	365,993
850	Stokes Co.	274,263
860	Surry Co.	322,445
861	Elkin City	46,328
862	Mount Airy City	69,492
870	Swain Co.	68,566
880	Transylvania Co.	139,911
890	Tyrrell Co.	24,091
900	Union Co.	1,041,459
910	Vance Co.	302,060
920	Wake Co.	4,181,589
930	Warren Co.	114,894
940	Washington Co.	79,685
950	Watauga Co.	173,268
960	Wayne Co.	718,088
970	Wilkes Co.	373,406
980	Wilson Co.	466,989
990	Yadkin Co.	226,082
995	Yancey Co.	94,510
	Charter Schools	874,661
	Total	50,739,625

School Allotments Section
Division of School Business Services
NC Department of Public Instruction

3/8/2005

Children with Disabilities

Eligibility and Purpose	All LEAs are entitled to funding based on headcounts. This funding provides for special educational needs and related services of Children with Disabilities.

Allotment Formula

Formula

Children with Disabilities and Preschool Handicapped State funded allotments are calculated separately and then combined into one allotment. Matching benefits are included. The individual formulas are listed below.

School Age :

Child count is based on Children with Disabilities child count, ages 5-20.

Multiply the lesser of the April 1 child count or an overall 12.5% cap of the Allotted ADM by the dollar per child count funding factor. In FY 2004-05, 80 LEAs were above the 12.5% cap.

Preschool:

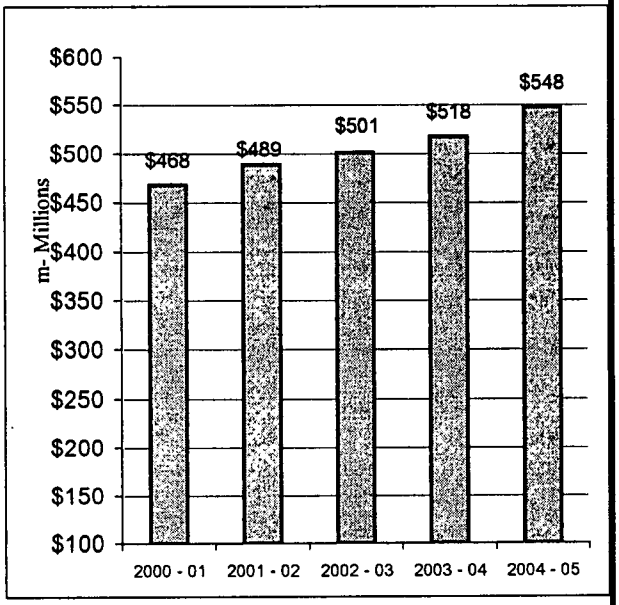
Each LEA receives a base amount equal to the average salary of a classroom teacher plus benefits. All remaining funds are distributed based on the April 1 child count of children ages 3, 4, and pre-K5.

Group Homes, Foster Homes, or Similar Facilities:

The Exceptional Children Division reimburses Local Boards of Education for the educational cost of children with disabilities assigned to group homes, foster homes, or similar facilities.

Appropriations and Expenditures

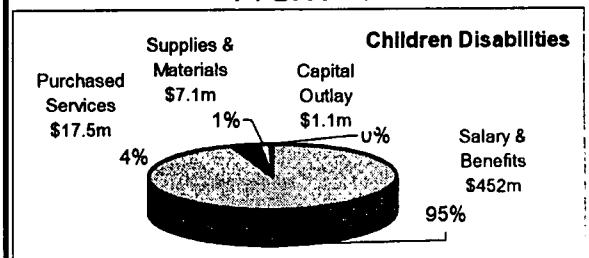
Appropriations
FY 2000-01 - FY 2004-05

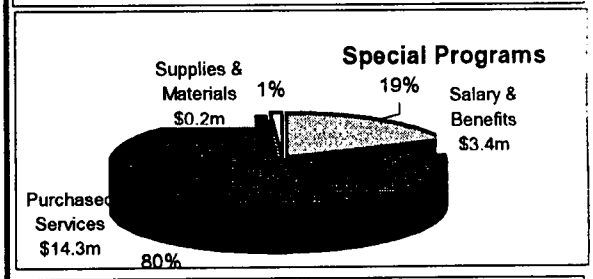


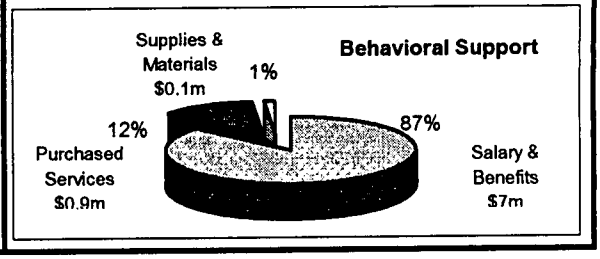
FY 2003-04 Expenditures

Children Disabilities	$	477,945,697	95%
Special Program	$	18,013,731	4%
Behavioral Support	$	8,212,699	2%
Total	$	504,172,127	100%

Expenditures
FY 2003-04







Children With Disabilities
FY 2004-05 Initial Allotments

LEA No.	LEA Name	FY 04-05 Initial Allotment
010	Alamance Co.	8,260,546
020	Alexander Co.	2,209,361
030	Alleghany Co.	709,666
040	Anson Co.	1,820,083
050	Ashe Co.	1,318,757
060	Avery Co.	943,022
070	Beaufort Co.	2,726,084
080	Bertie Co.	1,364,311
090	Bladen Co.	2,166,785
100	Brunswick Co.	4,225,288
110	Buncombe Co.	9,541,279
111	Asheville City	1,466,121
120	Burke Co.	5,726,385
130	Cabarrus Co.	8,630,274
132	Kannapolis City	1,871,453
140	Caldwell Co.	4,279,995
150	Camden Co.	660,737
160	Carteret Co.	3,188,597
170	Caswell Co.	1,362,635
180	Catawba Co.	6,236,176
181	Hickory City	1,593,709
182	Newton-Conover City	1,124,046
190	Chatham Co.	2,657,176
200	Cherokee Co.	1,473,173
210	Chowan Co.	1,015,328
220	Clay Co.	566,420
230	Cleveland Co.	7,080,624
240	Columbus Co.	2,736,372
241	Whiteville City	1,080,680
250	New Bern Craven	5,311,797
260	Cumberland Co.	20,185,372
270	Currituck Co.	1,508,045
280	Dare Co.	1,644,591
290	Davidson Co.	6,787,646
291	Lexington City	1,278,578
292	Thomasville City	813,221
300	Davie Co.	2,470,587
310	Duplin Co.	2,896,555
320	Durham Public	11,467,993
330	Edgecombe Co.	2,617,646
340	Forsyth Co.	18,309,370
350	Franklin Co.	2,396,485
360	Gaston Co.	11,132,527
370	Gates Co.	821,805
380	Graham Co.	513,792
390	Granville Co.	3,036,590
400	Greene Co.	1,350,934
410	Guilford Co.	25,133,515
420	Halifax Co.	2,132,073
421	Roanoke Rapids City	1,162,343
422	Weldon City	461,538
430	Harnett Co.	6,277,964
440	Haywood Co.	3,109,738
450	Henderson Co.	4,664,117
460	Hertford Co.	1,412,703
470	Hoke Co.	2,527,843
480	Hyde Co.	323,620
490	Iredell Statesville	7,210,099
491	Mooresville City	1,652,803

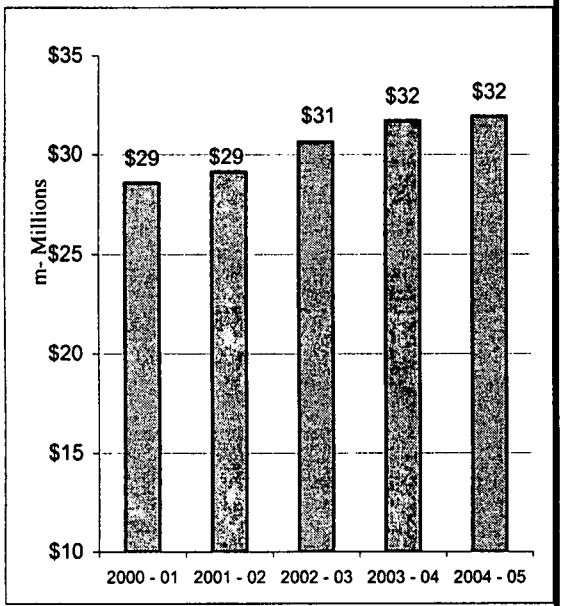
LEA No.	LEA Name	FY 04-05 Initial Allotment
500	Jackson Co.	1,471,583
510	Johnston Co.	10,028,834
520	Jones Co.	605,576
530	Lee Co.	3,137,842
540	Lenoir Co.	3,891,808
550	Lincoln Co.	4,422,415
560	Macon Co.	1,705,594
570	Madison Co.	1,048,295
580	Martin Co.	1,830,413
590	McDowell Co.	2,569,488
600	Mecklenburg Co.	40,513,957
610	Mitchell Co.	929,222
620	Montgomery Co.	1,759,940
630	Moore Co.	4,433,988
640	Nash-Rocky Mount	6,876,806
650	New Hanover Co.	8,541,042
660	Northampton Co.	1,287,851
670	Onslow Co.	8,478,934
680	Orange Co.	2,582,251
681	Chapel Hill-Carrboro City	3,712,684
690	Pamlico Co.	736,992
700	Pasquotank Co.	2,396,580
710	Pender Co.	2,666,342
720	Perquimans Co.	763,735
730	Person Co.	2,364,890
740	Pitt Co.	8,185,436
750	Polk Co.	996,552
760	Randolph Co.	6,590,003
761	Asheboro City	1,714,829
770	Richmond Co.	3,079,514
780	Robeson Co.	10,066,692
790	Rockingham Co.	5,925,522
800	Rowan Co.	7,858,485
810	Rutherford Co.	3,808,661
820	Sampson Co.	3,219,713
821	Clinton City	919,195
830	Scotland Co.	2,753,541
840	Stanly Co.	3,841,401
850	Stokes Co.	2,878,291
860	Surry Co.	3,460,273
861	Elkin City	445,298
862	Mount Airy City	769,108
870	Swain Co.	835,998
880	Transylvania Co.	1,271,668
890	Tyrrell Co.	321,876
900	Union Co.	9,756,071
910	Vance Co.	3,203,180
920	Wake Co.	42,753,192
930	Warren Co.	1,301,978
940	Washington Co.	902,885
950	Watauga Co.	1,873,710
960	Wayne Co.	7,454,074
970	Wilkes Co.	3,947,169
980	Wilson Co.	4,041,545
990	Yadkin Co.	2,418,984
995	Yancey Co.	1,044,805
	Charter Schools	7,743,791
	Group Homes, Developmer	22,690,754
	Behavior Support	9,039,288
	Other Reserves	3,550,000
	Total	548,067,517

Driver Education

Eligibility and Purpose	Each LEA is entitled to funding based on the formula outlined below. This category provides funding for expenses necessary to install and maintain a course of training and instructing eligible persons in the operation of motor vehicles. Each LEA must serve all students enrolled in public, private, and federal high school within the LEA boundaries who have not previously enrolled in the program
Allotment Formula	All available funds are distributed to LEAs based on dollars per total ninth grade allotted ADM; including private, federal and charter schools

Appropriations and Expenditures

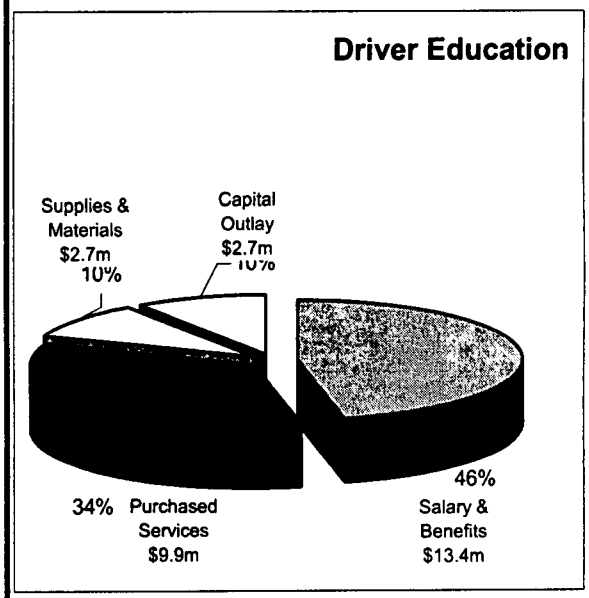
Appropriations
FY 2000-01 - FY 2004-05



FY 2003-04 Expenditures

	$	29,398,228	100%
			0%
Total	$	29,398,228	100%

Expenditures
FY 2003-04



Driver Education
FY 2004-05 Initial Allotments

LEA No.	LEA Name	FY 04-05 Initial Allotment
010	Alamance Co.	550,038
020	Alexander Co.	108,534
030	Alleghany Co.	34,377
040	Anson Co.	90,363
050	Ashe Co.	60,897
060	Avery Co.	57,705
070	Beaufort Co.	164,275
080	Bertie Co.	102,887
090	Bladen Co.	121,303
100	Brunswick Co.	270,353
110	Buncombe Co.	596,938
111	Asheville City	111,972
120	Burke Co.	310,379
130	Cabarrus Co.	553,230
132	Kannapolis City	109,025
140	Caldwell Co.	279,439
150	Camden Co.	42,972
160	Carteret Co.	205,036
170	Caswell Co.	75,876
180	Catawba Co.	366,610
181	Hickory City	108,780
182	Newton-Conover City	73,420
190	Chatham Co.	174,097
200	Cherokee Co.	82,506
210	Chowan Co.	60,897
220	Clay Co.	24,310
230	Cleveland Co.	398,286
240	Columbus Co.	153,961
241	Whiteville City	65,317
250	New Bern Craven	331,742
260	Cumberland Co.	1,273,436
270	Currituck Co.	93,064
280	Dare Co.	111,726
290	Davidson Co.	438,803
291	Lexington City	73,666
292	Thomasville City	60,651
300	Davie Co.	127,933
310	Duplin Co.	189,321
320	Durham Public	809,341
330	Edgecombe Co.	185,638
340	Forsyth Co.	1,201,243
350	Franklin Co.	175,325
360	Gaston Co.	741,323
370	Gates Co.	56,723
380	Graham Co.	25,292
390	Granville Co.	213,631
400	Greene Co.	80,050
410	Guilford Co.	1,594,864
420	Halifax Co.	149,542
421	Roanoke Rapids City	69,246
422	Weldon City	37,324
430	Harnett Co.	365,137
440	Haywood Co.	180,481
450	Henderson Co.	302,521
460	Hertford Co.	97,239
470	Hoke Co.	147,823
480	Hyde Co.	17,925
490	Iredell Statesville	447,888
491	Mooresville City	106,079

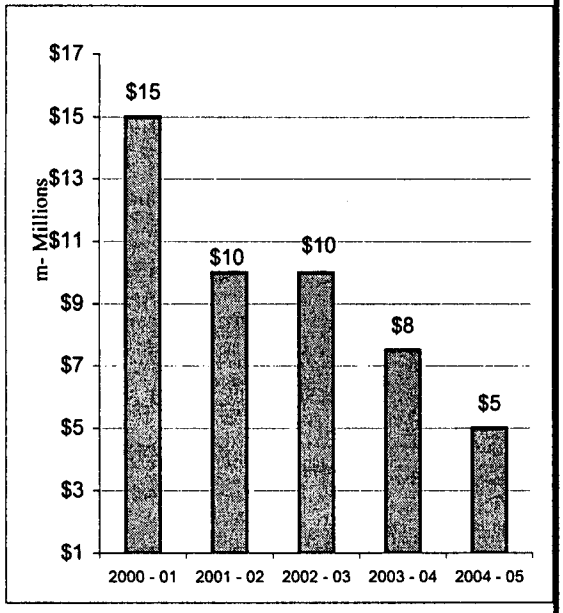
LEA No.	LEA Name	FY 04-05 Initial Allotment
500	Jackson Co.	89,136
510	Johnston Co.	528,429
520	Jones Co.	33,395
530	Lee Co.	219,033
540	Lenoir Co.	247,763
550	Lincoln Co.	269,371
560	Macon Co.	93,556
570	Madison Co.	52,303
580	Martin Co.	114,673
590	McDowell Co.	136,282
600	Mecklenburg Co.	3,000,653
610	Mitchell Co.	50,093
620	Montgomery Co.	95,274
630	Moore Co.	293,681
640	Nash-Rocky Mount	411,546
650	New Hanover Co.	554,212
660	Northampton Co.	99,449
670	Onslow Co.	494,052
680	Orange Co.	200,125
681	Chapel Hill-Carrboro City	258,076
690	Pamlico Co.	52,548
700	Pasquotank Co.	169,186
710	Pender Co.	171,396
720	Perquimans Co.	42,481
730	Person Co.	133,581
740	Pitt Co.	530,394
750	Polk Co.	52,303
760	Randolph Co.	411,546
761	Asheboro City	110,990
770	Richmond Co.	161,328
780	Robeson Co.	590,063
790	Rockingham Co.	340,336
800	Rowan Co.	491,351
810	Rutherford Co.	230,328
820	Sampson Co.	169,186
821	Clinton City	58,442
830	Scotland Co.	162,556
840	Stanly Co.	229,346
850	Stokes Co.	159,118
860	Surry Co.	192,513
861	Elkin City	26,274
862	Mount Airy City	38,306
870	Swain Co.	74,402
880	Transylvania Co.	88,399
890	Tyrrell Co.	17,434
900	Union Co.	610,935
910	Vance Co.	232,784
920	Wake Co.	2,719,250
930	Warren Co.	77,349
940	Washington Co.	43,463
950	Watauga Co.	104,114
960	Wayne Co.	449,852
970	Wilkes Co.	211,912
980	Wilson Co.	288,524
990	Yadkin Co.	132,844
995	Yancey Co.	55,249
	Charter Schools	
	Closing the Gap Section	
	Other Reserves	
	Total	31,929,945

School Technology

Eligibility and Purpose	Each LEA is entitled to funding. This funding is provided to LEAs for the development and implementation of the local school technology plan. These funds are allowed to carryover until spent.
Allotment Formula	**Appropriations** Funds for School Technology are distributed based on allotted ADM in grades K-12. **Interest** The appropriation is place in an interest bearing account and the interest is allotted to LEAs on a monthly basis. **Fines and Forfeitures** Fines and Forfeitures are transferred to the School Technology account on a monthly basis and is allotted to LEAs based on dollars per ADM. **School Building Fund** Transfers from the capital fund are allotted in School Technology at the LEAs request.

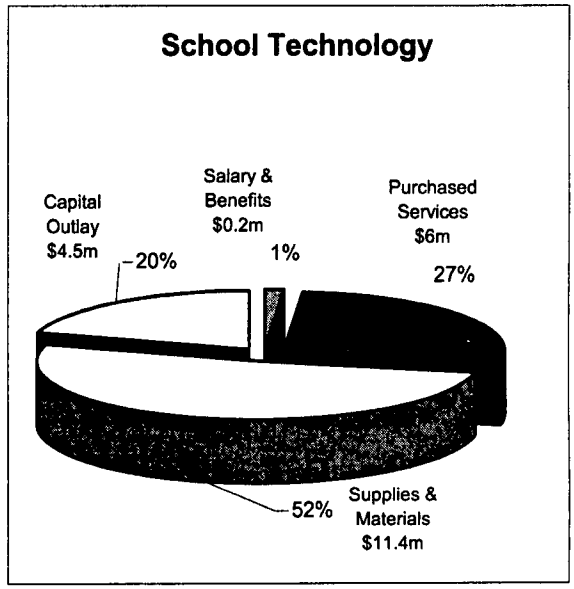
Appropriations and Expenditures

Appropriations
FY 2000-01 - FY 2004-05



FY 2003-04 Expenditures
$ 21,403,925

Expenditures
FY 2003-04



School Technology
FY 2004-05 Initial Allotments

LEA No.	LEA Name	FY 04-05 Initial Allotment
010	Alamance Co.	79,445
020	Alexander Co.	20,777
030	Alleghany Co.	5,511
040	Anson Co.	16,080
050	Ashe Co.	11,731
060	Avery Co.	8,491
070	Beaufort Co.	26,452
080	Bertie Co.	12,432
090	Bladen Co.	21,135
100	Brunswick Co.	39,651
110	Buncombe Co.	90,920
111	Asheville City	14,137
120	Burke Co.	53,157
130	Cabarrus Co.	82,925
132	Kannapolis City	17,066
140	Caldwell Co.	47,536
150	Camden Co.	6,435
160	Carteret Co.	30,210
170	Caswell Co.	12,465
180	Catawba Co.	60,892
181	Hickory City	16,606
182	Newton-Conover City	10,679
190	Chatham Co.	26,726
200	Cherokee Co.	13,454
210	Chowan Co.	9,152
220	Clay Co.	4,664
230	Cleveland Co.	64,310
240	Columbus Co.	25,587
241	Whiteville City	9,886
250	New Bern Craven	53,160
260	Cumberland Co.	194,754
270	Currituck Co.	14,105
280	Dare Co.	17,768
290	Davidson Co.	71,282
291	Lexington City	11,548
292	Thomasville City	9,737
300	Davie Co.	22,672
310	Duplin Co.	32,146
320	Durham Public	112,522
330	Edgecombe Co.	27,723
340	Forsyth Co.	175,865
350	Franklin Co.	28,768
360	Gaston Co.	113,344
370	Gates Co.	7,191
380	Graham Co.	4,492
390	Granville Co.	32,022
400	Greene Co.	11,767
410	Guilford Co.	243,565
420	Halifax Co.	19,824
421	Roanoke Rapids City	10,953
422	Weldon City	3,937
430	Harnett Co.	61,783
440	Haywood Co.	29,144
450	Henderson Co.	45,626
460	Hertford Co.	13,170
470	Hoke Co.	24,079
480	Hyde Co.	2,447
490	Iredell Statesville	71,754
491	Mooresville City	16,146

LEA No.	LEA Name	FY 04-05 Initial Allotment
500	Jackson Co.	13,202
510	Johnston Co.	96,022
520	Jones Co.	5,062
530	Lee Co.	33,333
540	Lenoir Co.	37,292
550	Lincoln Co.	41,927
560	Macon Co.	15,200
570	Madison Co.	9,496
580	Martin Co.	16,362
590	McDowell Co.	23,892
600	Mecklenburg Co.	430,123
610	Mitchell Co.	8,513
620	Montgomery Co.	16,442
630	Moore Co.	43,866
640	Nash-Rocky Mount	66,520
650	New Hanover Co.	82,115
660	Northampton Co.	11,884
670	Onslow Co.	79,843
680	Orange Co.	24,221
681	Chapel Hill-Carrboro City	39,929
690	Pamlico Co.	6,333
700	Pasquotank Co.	21,555
710	Pender Co.	25,868
720	Perquimans Co.	6,307
730	Person Co.	21,150
740	Pitt Co.	78,707
750	Polk Co.	8,824
760	Randolph Co.	66,557
761	Asheboro City	16,522
770	Richmond Co.	30,203
780	Robeson Co.	88,141
790	Rockingham Co.	53,570
800	Rowan Co.	76,085
810	Rutherford Co.	36,310
820	Sampson Co.	30,028
821	Clinton City	10,573
830	Scotland Co.	25,167
840	Stanly Co.	36,039
850	Stokes Co.	27,055
860	Surry Co.	31,730
861	Elkin City	4,583
862	Mount Airy City	6,819
870	Swain Co.	6,735
880	Transylvania Co.	13,787
890	Tyrrell Co.	2,352
900	Union Co.	102,581
910	Vance Co.	29,790
920	Wake Co.	412,063
930	Warren Co.	11,358
940	Washington Co.	7,870
950	Watauga Co.	17,063
960	Wayne Co.	70,756
970	Wilkes Co.	36,751
980	Wilson Co.	45,984
990	Yadkin Co.	22,238
995	Yancey Co.	9,331
	Charter Schools	86,165
	Closing the Gap Section	
	Other Reserves	
	Total	5,000,000

10

School Technology Fund
Cash Flow History
FY 2000 - 2004

	2000	2001	2002	2003	2004
Beginning Balance	**$18,252,589**	**$19,167,639**	**$16,791,539**	**$13,158,502**	**$13,137,792**
Revenue					
Interest	$1,371,993	$1,595,500	$983,667	$693,114	$543,387
General Fund Appropriation	$9,900,068	$14,814,504	$9,860,214	$8,749,590	$6,647,471
Civil Penalties & Forfeitures	$7,955,269	$8,653,571	$7,966,905	$9,930,286	$14,145,087
Public Sch. Bldg. Capital Fund	$5,895,844	$6,997,497	$2,120,795	$286,000	$1,347,018
Subtotal Revenue	**$25,123,174**	**$32,061,072**	**$20,931,581**	**$19,658,990**	**$22,682,963**
Expenditures	**($24,208,124)**	**($34,437,173)**	**($24,564,616)**	**($19,679,700)**	**($21,403,925)**
Year-End Cash Balance	**$19,167,639**	**$16,791,538**	**$13,158,504**	**$13,137,792**	**$14,416,830**

Notes:
1) Interest: G.S. 147 69.2, G.S. 147 69.3
2) Civil Penalties & Forfeitures: G.S. 115C-457.3
3) Public School Building Capital Fund: G.S. 115C-546.2

5-Year Average Annual Revenue: $ 24,091,556 [$9,730,223 from Civil Penalties & Forfeitures]

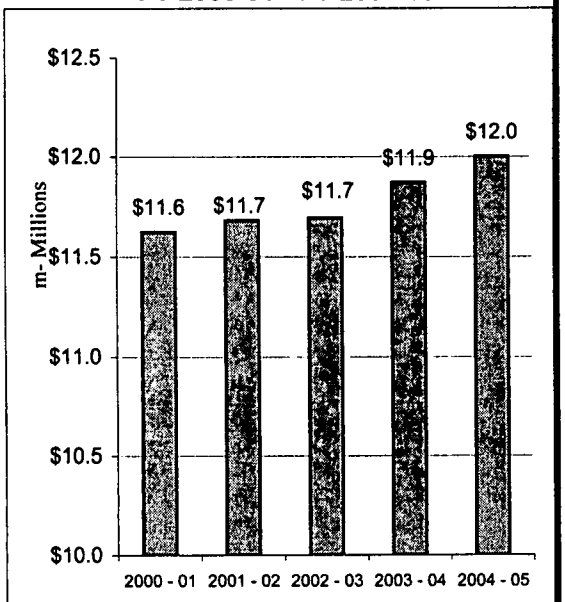
5-Year Average Annual Expenditures: $ (24,858,708)

Staff Development

Eligibility and Purpose	Each LEA is entitled to funding based on the formula listed below. This funding provides for staff development opportunities. At least 75% of these funds must be allotted to schools. The appropriations are also used to help support Assistance Teams.
Allotment Formula	**This allotment is based on the following calculation:** Base amount of $750 per LEA. Twenty-five percent (25%) of the total certified budget (less base amount) is divided evenly among all LEAs. Seventy-five percent (75%) of the total certified budget (less base amount) is divided equitably based on ADM.

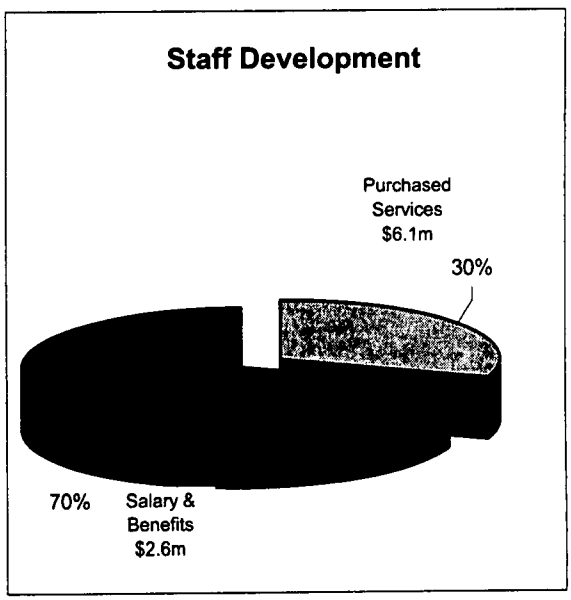
Appropriations and Expenditures

Appropriations
FY 2000-01 - FY 2004-05



FY 2003-04 Expenditures
$ 8,780,753

Expenditures
FY 2003-04



Staff Development
FY 2004-05 Initial Allotments

School Allotments Section
Division of School Business Services
NC Department of Public Instruction

3/8/2005

LEA No.	LEA Name	FY 04-05 Initial Allotment
010	Alamance Co.	150,601
020	Alexander Co.	56,763
030	Alleghany Co.	32,346
040	Anson Co.	49,251
050	Ashe Co.	42,294
060	Avery Co.	37,113
070	Beaufort Co.	65,841
080	Bertie Co.	43,416
090	Bladen Co.	57,336
100	Brunswick Co.	86,952
110	Buncombe Co.	168,955
111	Asheville City	46,144
120	Burke Co.	108,554
130	Cabarrus Co.	156,168
132	Kannapolis City	50,828
140	Caldwell Co.	99,564
150	Camden Co.	33,824
160	Carteret Co.	71,852
170	Caswell Co.	43,468
180	Catawba Co.	120,927
181	Hickory City	50,092
182	Newton-Conover City	40,612
190	Chatham Co.	66,279
200	Cherokee Co.	45,051
210	Chowan Co.	38,170
220	Clay Co.	30,991
230	Cleveland Co.	126,394
240	Columbus Co.	64,457
241	Whiteville City	39,344
250	New Bern Craven	108,560
260	Cumberland Co.	335,036
270	Currituck Co.	46,091
280	Dare Co.	51,950
290	Davidson Co.	137,546
291	Lexington City	42,002
292	Thomasville City	39,104
300	Davie Co.	59,795
310	Duplin Co.	74,948
320	Durham Public	203,508
330	Edgecombe Co.	67,874
340	Forsyth Co.	304,823
350	Franklin Co.	69,545
360	Gaston Co.	204,822
370	Gates Co.	35,033
380	Graham Co.	30,716
390	Granville Co.	74,749
400	Greene Co.	42,352
410	Guilford Co.	413,107
420	Halifax Co.	55,239
421	Roanoke Rapids City	41,050
422	Weldon City	29,828
430	Harnett Co.	122,352
440	Haywood Co.	70,146
450	Henderson Co.	96,509
460	Hertford Co.	44,596
470	Hoke Co.	62,044
480	Hyde Co.	27,445
490	Iredell Statesville	138,299
491	Mooresville City	49,356

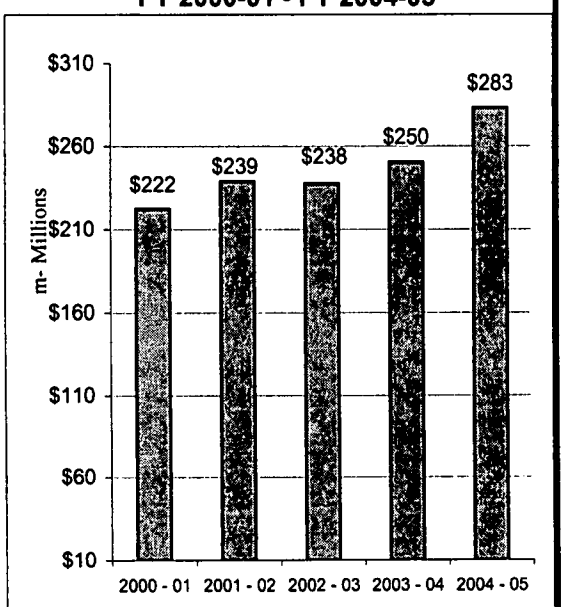
LEA No.	LEA Name	FY 04-05 Initial Allotment
500	Jackson Co.	44,648
510	Johnston Co.	177,116
520	Jones Co.	31,627
530	Lee Co.	76,846
540	Lenoir Co.	83,179
550	Lincoln Co.	90,592
560	Macon Co.	47,843
570	Madison Co.	38,719
580	Martin Co.	49,701
590	McDowell Co.	61,746
600	Mecklenburg Co.	711,504
610	Mitchell Co.	37,148
620	Montgomery Co.	49,829
630	Moore Co.	93,693
640	Nash-Rocky Mount	129,928
650	New Hanover Co.	154,872
660	Northampton Co.	42,539
670	Onslow Co.	151,238
680	Orange Co.	62,272
681	Chapel Hill-Carrboro City	87,396
690	Pamlico Co.	33,660
700	Pasquotank Co.	58,008
710	Pender Co.	64,906
720	Perquimans Co.	33,619
730	Person Co.	57,359
740	Pitt Co.	149,421
750	Polk Co.	37,644
760	Randolph Co.	129,987
761	Asheboro City	49,958
770	Richmond Co.	71,840
780	Robeson Co.	164,510
790	Rockingham Co.	109,214
800	Rowan Co.	145,227
810	Rutherford Co.	81,607
820	Sampson Co.	71,560
821	Clinton City	40,442
830	Scotland Co.	63,785
840	Stanly Co.	81,175
850	Stokes Co.	66,805
860	Surry Co.	74,282
861	Elkin City	30,862
862	Mount Airy City	34,437
870	Swain Co.	34,303
880	Transylvania Co.	45,583
890	Tyrrell Co.	27,293
900	Union Co.	187,607
910	Vance Co.	71,180
920	Wake Co.	682,617
930	Warren Co.	41,698
940	Washington Co.	36,119
950	Watauga Co.	50,823
960	Wayne Co.	136,704
970	Wilkes Co.	82,314
980	Wilson Co.	97,082
990	Yadkin Co.	59,100
995	Yancey Co.	38,456
	Charter Schools	185,270
	Assistant Team	1,250,000
	Other Reserves	
	Total	12,000,905

Transportation

Eligibility and Purpose	Each LEA is entitled to funding. This funding provides for all transportation related expenses for "yellow bus" use for eligible school age students. For travel to and from school and between school
Allotment Formula	Allotted based on a "budget rating" funding formula using the following factors: pupils transported; total eligible operating expenditures (local and state funds); number of buses operated. The initial allotment shall consist of a portion of the projected final allotment. The initial allotment will be adjusted within available funds by December 1. This adjustment is derived from establishing a final budget rating calculated annually from the three key factors listed above.

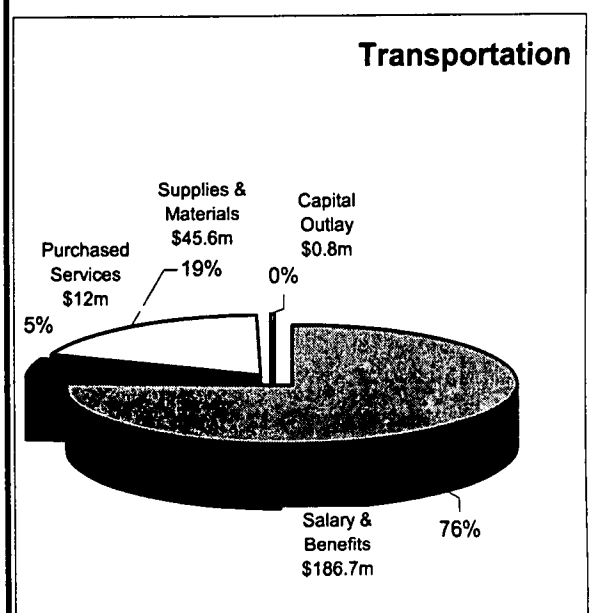
Appropriations and Expenditures

Appropriations
FY 2000-01 - FY 2004-05



FY 2003-04 Expenditures
$ 245,636,269

Expenditures
FY 2003-04



Transportation

FY 2004-05 Initial Allotments (includes December 04 Allotment)

LEA No.	LEA Name	FY 04-05 Initial Allotment
010	Alamance Co.	2,639,278
020	Alexander Co.	925,791
030	Alleghany Co.	395,439
040	Anson Co.	1,105,824
050	Ashe Co.	1,270,685
060	Avery Co.	657,336
070	Beaufort Co.	1,403,591
080	Bertie Co.	861,403
090	Bladen Co.	1,304,487
100	Brunswick Co.	2,221,576
110	Buncombe Co.	5,216,582
111	Asheville City	132,370
120	Burke Co.	2,007,262
130	Cabarrus Co.	3,755,084
132	Kannapolis City	406,306
140	Caldwell Co.	2,062,317
150	Camden Co.	329,640
160	Carteret Co.	1,081,727
170	Caswell Co.	1,010,837
180	Catawba Co.	3,012,182
181	Hickory City	414,348
182	Newton-Conover City	457,624
190	Chatham Co.	1,503,309
200	Cherokee Co.	743,924
210	Chowan Co.	493,069
220	Clay Co.	303,926
230	Cleveland Co.	2,455,520
240	Columbus Co.	1,747,877
241	Whiteville City	256,336
250	New Bern Craven	2,221,782
260	Cumberland Co.	8,496,363
270	Currituck Co.	843,377
280	Dare Co.	731,515
290	Davidson Co.	3,232,553
291	Lexington City	335,277
292	Thomasville City	134,750
300	Davie Co.	1,057,952
310	Duplin Co.	1,549,872
320	Durham Public	7,712,245
330	Edgecombe Co.	1,198,701
340	Forsyth Co.	9,092,755
350	Franklin Co.	1,503,503
360	Gaston Co.	3,311,002
370	Gates Co.	482,519
380	Graham Co.	281,371
390	Granville Co.	1,549,218
400	Greene Co.	831,943
410	Guilford Co.	17,246,400
420	Halifax Co.	1,562,114
421	Roanoke Rapids City	175,095
422	Weldon City	97,416
430	Harnett Co.	2,848,582
440	Haywood Co.	1,346,788
450	Henderson Co.	1,940,925
460	Hertford Co.	1,100,948
470	Hoke Co.	1,224,389
480	Hyde Co.	183,218
490	Iredell Statesville	3,544,029
491	Mooresville City	671,010

LEA No.	LEA Name	FY 04-05 Initial Allotment
500	Jackson Co.	801,493
510	Johnston Co.	4,354,537
520	Jones Co.	459,864
530	Lee Co.	1,252,331
540	Lenoir Co.	1,809,842
550	Lincoln Co.	1,699,516
560	Macon Co.	928,808
570	Madison Co.	999,455
580	Martin Co.	820,459
590	McDowell Co.	1,016,375
600	Mecklenburg Co.	35,170,747
610	Mitchell Co.	654,866
620	Montgomery Co.	876,701
630	Moore Co.	2,303,698
640	Nash-Rocky Mount	2,752,019
650	New Hanover Co.	4,531,192
660	Northampton Co.	794,493
670	Onslow Co.	4,160,185
680	Orange Co.	1,770,146
681	Chapel Hill-Carrboro City	1,005,427
690	Pamlico Co.	387,500
700	Pasquotank Co.	896,425
710	Pender Co.	1,394,875
720	Perquimans Co.	412,806
730	Person Co.	1,033,953
740	Pitt Co.	3,724,354
750	Polk Co.	504,343
760	Randolph Co.	3,178,630
761	Asheboro City	223,761
770	Richmond Co.	1,631,693
780	Robeson Co.	3,900,480
790	Rockingham Co.	2,572,467
800	Rowan Co.	3,198,454
810	Rutherford Co.	1,820,298
820	Sampson Co.	2,022,887
821	Clinton City	226,727
830	Scotland Co.	1,467,250
840	Stanly Co.	1,444,848
850	Stokes Co.	1,899,344
860	Surry Co.	1,901,103
861	Elkin City	9,337
862	Mount Airy City	39,185
870	Swain Co.	429,188
880	Transylvania Co.	595,787
890	Tyrrell Co.	149,122
900	Union Co.	6,118,483
910	Vance Co.	1,116,496
920	Wake Co.	31,630,914
930	Warren Co.	1,055,226
940	Washington Co.	439,896
950	Watauga Co.	920,577
960	Wayne Co.	2,987,606
970	Wilkes Co.	2,258,616
980	Wilson Co.	1,593,765
990	Yadkin Co.	1,028,055
995	Yancey Co.	694,355
	Charter Schools	4,860,866
	Closing the Gap Section	
	Other Reserves	8,650,900
	Total	283,265,988

Vocational Education

FY 2004-05 Allotment: $320 million

Purpose:

Provides supplemental funds for developing more fully the academic, vocational, and technical skills of secondary students who elect to enroll in vocational and technical education programs.

Formulas:

MOE:

Each LEA receives a base of 50 months of employment (MOE), then 1 MOE for every 9.05 ADM in grades 8-12.

Program Support:

Each LEA receieves a base of $10,000, then $32.21 per ADM in grades 8-12.

Eligible Uses:

Funds provide for teachers, equipment, materials, and other program support.

Vocational Education Funding, FY 2000-01 through FY 2004-05

	Vocational Education Months of Employment (MOE)	% Change	Vocational Education Program Support	% Change
FY 2000-01	$270,604,342	5.3%	$15,274,205	2.8%
FY 2001-02	$276,854,605	2.3%	$15,662,538	2.5%
FY 2002-03	$285,052,918	3.0%	$16,152,792	3.1%
FY 2003-04	$279,288,307	-2.0%	$16,315,572	1.0%
FY 2004-05	$300,014,037	7.4%	$17,269,040	5.8%

Source: NC Department of Public Instruction

Low Wealth Supplemental Funding

FY 2004-05 Allotment: $109,382,460

Purpose

- To recognize differences in counties' abilities to generate revenue to support local educational agencies (LEAs)
- To distribute additional resources to those counties that do not appear to be able to generate resources at the State average in an attempt to raise those counties to the State average
- 80 LEA's received funding in FY 2004-05

Determination of Eligibility and Funding Levels

To simplify, the formula contains three basic steps:

1. Determine a county's "wealth" by calculating the amount of local revenue that the county could generate, based on adjusted property value and other sources. Using this amount and the county's average daily membership (ADM), compute the county's local revenue per ADM.
2. Combine the figure from step one with measures of the number of square miles in the county and the county's per capita income. Compare this combined measure of the county's wealth to the State average figure. If the county is below the State average, it is eligible for supplemental funding.
3. Determine how much supplemental funding would be required to bring the county up to the Statewide average local revenue per ADM.

Effort Provision

In order to be sure that counties are doing their "best" to contribute, an eligible county must meet one of the following standards in order to receive supplemental funding:

1. Tax rate above the State average
2. Local appropriations per student exceeding what the formula calculates that a county could contribute.

Eligible Uses of the Funds

- Instructional Services such as teachers, supplies, and equipment
- Local salary supplements
- Staff Development

Low Wealth Supplemental Funding

FY 2004-05 Counties



Funded Counties

Counties Not Eligible

Created By: NC Department of Public Instruction, Division of School Business

FY 2004-05 Low Wealth & Small County Funding by LEA

Source: NC Department of Public Instruction

LEA No.	Local Education Agency (LEA)	Low Wealth	Small County	Total
010	Alamance County	$ 103,469	$ -	$ 103,469
020	Alexander County	$ 577,641	$ -	$ 577,641
030	Alleghany County	$ -	$ 1,371,710	$ 1,371,710
040	Anson County	$ 1,185,856	$ -	$ 1,185,856
050	Ashe County	$ -	$ 1,388,446	$ 1,388,446
060	Avery County	$ -	$ 1,341,126	$ 1,341,126
070	Beaufort County	$ 937,379	$ -	$ 937,379
080	Bertie County	$ 1,060,024	$ 1,468,966	$ 2,528,990
090	Bladen County	$ 1,454,975	$ -	$ 1,454,975
100	Brunswick County	$ -	$ -	$ -
110	Buncombe County	$ -	$ -	$ -
111	Asheville City	$ -	$ -	$ -
120	Burke County	$ 1,828,741	$ -	$ 1,828,741
130	Cabarrus County	$ -	$ -	$ -
132	Kannapolis City	$ 77,084	$ -	$ 77,084
140	Caldwell County	$ 1,654,205	$ -	$ 1,654,205
150	Camden County	$ 396,563	$ 1,474,329	$ 1,870,892
160	Carteret County	$ -	$ -	$ -
170	Caswell County	$ 803,383	$ 1,450,664	$ 2,254,047
180	Catawba County	$ -	$ -	$ -
181	Hickory City	$ -	$ -	$ -
182	Newton-Conover City	$ -	$ -	$ -
190	Chatham County	$ -	$ -	$ -
200	Cherokee County	$ 312,449	$ 1,182,154	$ 1,494,603
210	Chowan County	$ 416,645	$ 1,340,201	$ 1,756,846
220	Clay County	$ -	$ 1,443,438	$ 1,443,438
230	Cleveland County	$ 2,871,651	$ -	$ 2,871,651
240	Columbus County	$ 1,853,193	$ -	$ 1,853,193
241	Whiteville City	$ 716,042	$ -	$ 716,042
250	Craven County	$ 1,151,673	$ -	$ 1,151,673
260	Cumberland County	$ 6,343,233	$ -	$ 6,343,233
270	Currituck County	$ -	$ 1,404,601	$ 1,404,601
280	Dare County	$ -	$ -	$ -
290	Davidson County	$ 1,008,464	$ -	$ 1,008,464
291	Lexington City	$ 163,376	$ -	$ 163,376
292	Thomasville City	$ 137,748	$ -	$ 137,748
300	Davie County	$ -	$ -	$ -

FY 2004-05 Low Wealth & Small County Funding by LEA

Source: NC Department of Public Instruction

LEA No.	Local Education Agency (LEA)	Low Wealth	Small County	Total
310	Duplin County	$ 2,288,124	$ -	$ 2,288,124
320	Durham Public	$ -	$ -	$ -
330	Edgecombe County	$ 1,561,594	$ -	$ 1,561,594
340	Forsyth County	$ -	$ -	$ -
350	Franklin County	$ 1,131,309	$ -	$ 1,131,309
360	Gaston County	$ -	$ -	$ -
370	Gates County	$ 652,907	$ 1,327,865	$ 1,980,772
380	Graham County	$ 54,168	$ 1,457,074	$ 1,511,242
390	Granville County	$ 1,983,701	$ -	$ 1,983,701
400	Greene County	$ 942,647	$ 1,317,103	$ 2,259,750
410	Guilford County	$ -	$ -	$ -
420	Halifax County	$ 1,486,246	$ -	$ 1,486,246
421	Roanoke Rapids City	$ 821,159	$ -	$ 821,159
422	Weldon City	$ 295,168	$ -	$ 295,168
430	Harnett County	$ 4,161,824	$ -	$ 4,161,824
440	Haywood County	$ 59,990	$ -	$ 59,990
450	Henderson County	$ -	$ -	$ -
460	Hertford County	$ 945,009	$ 1,436,388	$ 2,381,397
470	Hoke County	$ 2,488,642	$ -	$ 2,488,642
480	Hyde County	$ -	$ 1,453,196	$ 1,453,196
490	Iredell County	$ -	$ -	$ -
491	Mooresville City	$ -	$ -	$ -
500	Jackson County	$ -	$ -	$ -
510	Johnston County	$ 3,616,133	$ -	$ 3,616,133
520	Jones County	$ 295,660	$ 1,477,559	$ 1,773,219
530	Lee County	$ 751,054	$ -	$ 751,054
540	Lenoir County	$ 1,994,476	$ -	$ 1,994,476
550	Lincoln County	$ 615,888	$ -	$ 615,888
560	Macon County	$ -	$ -	$ -
570	Madison County	$ 177,434	$ 1,387,649	$ 1,565,083
580	Martin County	$ 1,045,381	$ -	$ 1,045,381
590	McDowell County	$ 1,005,159	$ -	$ 1,005,159
600	Mecklenburg County	$ -	$ -	$ -
610	Mitchell County	$ 179,397	$ 1,395,437	$ 1,574,834
620	Montgomery County	$ 709,347	$ -	$ 709,347
630	Moore County	$ -	$ -	$ -
640	Nash-Rocky Mount	$ 3,171,339	$ -	$ 3,171,339

FY 2004-05 Low Wealth & Small County Funding by LEA

Source: NC Department of Public Instruction

LEA No.	Local Education Agency (LEA)	Low Wealth	Small County	Total
650	New Hanover County	$ -	$ -	$ -
660	Northampton County	$ 790,355	$ 1,343,655	$ 2,134,010
670	Onslow County	$ 4,295,998	$ -	$ 4,295,998
680	Orange County	$ -	$ -	$ -
681	Chapel Hill-Carrboro	$ -	$ -	$ -
690	Pamlico County	$ 223,839	$ 1,318,578	$ 1,542,417
700	Pasquotank County	$ 1,301,377	$ -	$ 1,301,377
710	Pender County	$ 1,054,970	$ -	$ 1,054,970
720	Perquimans County	$ 241,858	$ 1,361,225	$ 1,603,083
730	Person County	$ 413,914	$ -	$ 413,914
740	Pitt County	$ 2,565,359	$ -	$ 2,565,359
750	Polk County	$ -	$ 1,386,358	$ 1,386,358
760	Randolph County	$ 1,649,997	$ -	$ 1,649,997
761	Asheboro City	$ 409,602	$ -	$ 409,602
770	Richmond County	$ 2,307,731	$ -	$ 2,307,731
780	Robeson County	$ 9,297,356	$ -	$ 9,297,356
790	Rockingham County	$ 2,392,920	$ -	$ 2,392,920
800	Rowan-Salisbury	$ 1,339,355	$ -	$ 1,339,355
810	Rutherford County	$ 1,657,661	$ -	$ 1,657,661
820	Sampson County	$ 2,254,006	$ -	$ 2,254,006
821	Clinton City	$ 793,645	$ -	$ 793,645
830	Scotland County	$ 1,870,492	$ -	$ 1,870,492
840	Stanly County	$ 1,626,503	$ -	$ 1,626,503
850	Stokes County	$ 1,292,331	$ -	$ 1,292,331
860	Surry County	$ 1,083,903	$ -	$ 1,083,903
861	Elkin City	$ 156,572	$ -	$ 156,572
862	Mount Airy City	$ 232,924	$ -	$ 232,924
870	Swain County	$ 132,461	$ 1,459,998	$ 1,592,459
880	Transylvania County	$ -	$ -	$ -
890	Tyrrell County	$ 137,759	$ 1,530,792	$ 1,668,551
900	Union County	$ 979,259	$ -	$ 979,259
910	Vance County	$ 1,853,065	$ -	$ 1,853,065
920	Wake County	$ -	$ -	$ -
930	Warren County	$ 770,879	$ 1,340,539	$ 2,111,418
940	Washington County	$ 614,995	$ 1,381,787	$ 1,996,782
950	Watauga County	$ -	$ -	$ -
960	Wayne County	$ 3,893,925	$ -	$ 3,893,925

FY 2004-05 Low Wealth & Small County Funding by LEA

Source: NC Department of Public Instruction

LEA No.	Local Education Agency (LEA)	Low Wealth	Small County	Total
970	Wilkes County	$ 811,735	$ -	**$ 811,735**
980	Wilson County	$ 1,528,565	$ -	**$ 1,528,565**
990	Yadkin County	$ 891,094	$ -	**$ 891,094**
995	Yancey County	$ 140,038	$ 1,249,006	**$ 1,389,044**
	Charter Schools	$ 888,468	$ -	**$ 888,468**
TOTAL		**$ 109,382,461**	**$ 37,489,844**	**$ 146,872,305**

Small County Supplemental Funding

FY 04-05 Appropriation: $37,489,844

Purpose

- To recognize that local school systems (LEAs) in small counties do not benefit from the economies of scale that those in large counties do, and that small counties may therefore be allotted insufficient resources to provide basic instructional and administrative functions
- To distribute additional resources to those counties whose relatively small school population (measured in Average Daily Membership "ADM") limits the amounts of funding for certain position and dollar allotments

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Eligibility

- To be eligible, a county must meet <u>at least one</u> of the following requirements:
    1. Have an allotted ADM of fewer than 3,239 students
    2. Have an ADM of between 3,239 and 4,080 <u>and</u> a county-adjusted property tax base per student that is below the State-adjusted property tax base per student
- If a county becomes ineligible because of an adjustment in the property tax base:
    - Funding is phased out over a two-year period
    - 100% of funding is provided in the first year, 50% in the following year
- If a county becomes ineligible because of an increase in population, then they will receive funding for five years after the determination of ineligibility

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Allotment

Dollar equivalents are provided to LEAs for:

1. Rounding up all fractions of position allotments to whole ones
2. Five classroom teacher positions if ADM per square mile is greater than four; seven positions if ADM per square mile is equal to or less than four
3. One Teacher Assistant position per 400ADM
4. Vocational Education and Program Support Months of Employment based on sixth grade ADM
5. Program Enhancement Teachers, with the number of positions based on ADM
6. The difference between the allotment for Classroom Materials/ Instructional Supplies/Equipment and $614,148

Small County Supplemental Funding

FY 2004-05 Counties



Funded Counties

Counties Not Eligible

Created By: NC Department of Public Instruction, Division of School Business

VISITOR REGISTRATION SHEET

JL. Approp. Subcom. on Ed. 03/10/05

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Sue Harris	WPSS
Patsy Mula	Peat
Lydia Prude	DPT
Karen Pena	DPI
[illegible]	[illegible]
[illegible]	DCNC
Molly Ryan	NCSBA
Anne Bandeen	OSBM
[illegible]	[illegible]
Elizabeth [illegible]	OSBM
Gene Causby	NC SEA
[illegible]	NCSBA
[illegible]	FRD

House Pages

1. Name: Laurel Poe
   County: Burke County
   Sponsor: Walter Church
2. Name: Jyllian Barber
   County: Carteret County
   Sponsor: Jean Preston
3. Name: Trey Faile
   County: Cleveland
   Sponsor: Tim Moore
4. Name: Elise Blum Elise Blum
   County: Hoke.
   Sponsor: Sen Weinstein
5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: Brad Barefoot House Sgt. @ Arms
2. Name: Charles Williams House Sgt @ Arms
3. Name: Wade Autaus Anders Senate Sgt @ Arms
4. Name: Stan Johnson Senate Sgt. @ Arms

VISITOR REGISTRATION SHEET

Joint Appropriations Subcommitee / Education 3/10/05
Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Michael Houser	NCAE
Marcus Davis	NCAE
Ceri Ball	NCAE
Mary Fleming	Universities System
D. Bruce	Explorer
Hal Millen	NCASCT
Sam McLeod	Gov office

House Pages

1. Name: Alexandra Kyerematen

   County: Wake

   Sponsor: Sen. Neal Hunt

2. Name: Ashley Chavis

   County: Wake

   Sponsor: Sen. Malone

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

Sgt-At-Arms

1. Name: Brad Barefoot
2. Name: Charles Williams
3. Name: Wade Anders
4. Name: Stan Johnson

Joint Appropriations Subcommittee on Education

Agenda

Monday, March 15, 2005, 8:30 A.M.

Room 421, Legislative Office Building

Senator Swindell, Presiding

I. Welcome

Senator Swindell

II. Budget Instructions

Kristine Leggett, *Fiscal Research Division*

III. Committee Questions

IV. Supplemental Funding for Students "At-Risk" of School Failure

Adam Levinson, *Fiscal Research Division*

V. Committee Questions

VI. Disadvantaged Student Supplemental Funding (DSSF)

Philip Price, *Department of Public Instruction*

VII. Committee Questions

VIII. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Monday, March 15, 2005, 8:30 a.m.

The Senate Appropriations Subcommittee on Education/Higher Education met jointly with the House Appropriations Subcommittee on Education in Room 421 of the Legislative Office Building at 8:30 a.m. Six members of the Senate were present and the following Representatives were present: Jeffus; Tolson; Yongue; Rapp; Bell; Cleveland; Fisher; Justice; Michaux; and Pate. The Education Fiscal Research Division was also in attendance. A Visitor Registration list is attached and made a part of these minutes.

The chair called the meeting to order and the following pages were introduced: House Page Katharina Stevens of Wake County was sponsored by Rep. Capps; House Page Danielle Carr of Wake County was sponsored by Speaker Black and Senate Page John Calvin Young of Johnston County was sponsored by Sen. Smith. Members of the House and Senate Sergeant-at-Arms staffs were introduced.

Sen. Garwood was recognized by the chair to introduce visitors from his district Chancellor Kenneth Peacock and Dr. Lorin Baumhover of Appalachian State University and former state senator Steve Metcalf.

Ms. Kristine Leggett of the Fiscal Research Division presented the Budget Instructions and reviewed the Spending Target and Rules (Attachment 1). Following the presentation, questions were raised and answered.

Mr. Adam Levinson of the Fiscal Research Division presented the report on Supplemental Funding for Students "At Risk" of School Failure and reviewed the handout (Attachment 2). Following the presentation, questions were raised and answered.

Mr. Philip Price, Associate Superintendent of Financial and Business Services, NC Department of Public Instruction, was recognized to report on the purpose of the Revised Formula Option for Disadvantaged Student Supplemental Funding Allotment (Attachment 3). Questions were raised and answered.

There being no further business, the chair adjourned the meeting at 9:45 a.m.

Respectfully submitted,

Senator A. B. Swindell
Chairman

Mo Hudson
Committee Assistant

Attachment 1

Joint Subcommittee on Education Appropriations

Budget Instructions

Fiscal Research Division
March 15, 2005

Joint Subcommittee on Education
Spending Target

Starting Budgets	
Public Schools	$6,585,323,929
Community Colleges	$756,320,880
Universities	$2,024,322,442
Total Education Budget	**$9,365,967,251**
FY 05-06 Joint Spending Target	**$9,229,461,096**
Difference	**($136,506,155)**

Other Significant Items	
University Enrollment	$77,872,435
Community College Enrollment	$7,897,979
DSSF (Leandro)	$22,500,000
	($244,776,569)

***ABC Bonuses and Salary Increases will be handled by the Full Chairs**

RULES FOR JOINT APPROPRIATIONS SUBCOMMITTEES
2005 SESSION
March 9, 2005

1. Subcommittee targets are spending targets. Subcommittees are encouraged to maximize recurring reductions.

2. Identify all budget adjustments (reductions or expansion) as recurring and non-recurring.

3. Nonrecurring reductions shall not be made to fund recurring expansion items.

4. Negative reserves or "management flexibility" reductions shall not be allowed.

5. Non-recurring expansion items are not allowed in the 2nd year of the biennium (FY 2006-07).

6. Program expansion is not allowed in the 2nd year of the biennium (FY 2006-07). This means no expansion of a program or item funded in the 1st year, and no new programs created in the 2nd year.

7. Expansion positions shall not be phased in during the fiscal biennium, but shall be effective July 1, 2005.

8. Identify all General Fund position changes (eliminations, fund shifts, newly established).

9. Identify all new receipt-supported positions recommended by the subcommittee as either time-limited or permanent positions. If time-limited, **specify** the anticipated timeframe for which the positions will be funded.

10. Special provisions shall not authorize the expenditure of reversions.

11. Refer **all** salary-related, state employee health plan, retirement, debt service, and other statewide reserve issues to the Full Appropriations Committee Chairs.

12. Subcommittees considering fee increases to help meet the subcommittee's spending target must **first** consult with Full Chairs.

13. Reduction strategies should minimize the impact on direct services to clients and consumers. Reduction strategies should address the following:
    - Reduction in layers of management and elimination of duplication of effort (Span of Control);
    - Elimination of administrative inefficiencies;
    - Streamlining and consolidation of departments, programs, offices, and services;
    - Elimination of ineffective or obsolete programs; and
    - Reduction in non-essential government services

Fiscal Research Division
Budget Development Team

JOINT APPROPRIATIONS SUBCOMMITTEES
TARGETED ZERO-BASED BUDGETING APPROACH

The targeted zero-based budget approach assumes the "zeroing out" of certain programs, line items, and funds from the continuation/base budget to permit the subcommittees to hear information from state agencies and nonprofits justifying the continuation of expenditures for these purposes.

As a starting point, the following, as presented in the Governor's Recommended Continuation Budget, are subject to this targeted zero-based budgeting approach for the 2005-07 biennium.

1. Subcommittees should apply the zero-based budget methodology to as many individual programs as possible to help identify non-essential government services, ineffective and obsolete programs, and duplication of effort.
2. Direct appropriations and grants to nonprofit organizations
3. Contracted personal services (expenditure account 531321)
4. Miscellaneous contractual services (expenditure account 532199)
5. Rental/lease of equipment (expenditure accounts 532521 to 532525)
6. Travel and other employee expense (expenditure accounts 5327xx)
7. Cellular phone services (expenditure accounts 532814)
8. Furniture and equipment replacement schedules (expenditure accounts 534500 to 534550)
9. Discretionary grants (expenditure accounts 5364AA)
10. Directed grants (expenditure accounts 5366AA)
11. Loans (expenditure accounts 5367AA)
12. Other aids and grants (expenditure accounts 5369AA)
13. Special fund cash balances (2xxxx budget codes)
14. Positions vacant for 6 months or more as of January 1 2005. (**Note**: *This excludes public school teachers and community college faculty, critical law enforcement and public safety positions, and positions responsible for the custody and care of persons for whom the state is responsible*).
15. Any other programs and expenditures identified by the subcommittees as appropriate for review using a targeted zero-based budget approach.

Subcommittees should also consider:

1. The recommendations applicable to the subcommittee's jurisdiction contained in the Final Report of the Governor's Commission to Promote Government Efficiency and Savings on State Spending, December 2002.
2. The recommendations of other available audits or studies applicable to the subcommittee's jurisdiction.
3. Funding allocation formulas to determine if changes can be implemented to improve the method and achieve cost savings.
4. Agency fees to determine if any increases are appropriate and can be used to off-set operating appropriations.

Funding to Support Students At-Risk of School Failure



North Carolina General Assembly

Joint Legislative Appropriations Subcommittee on Education

March 15, 2005

8:30 a.m.

Attachment 2

Overview

- Definition of "At-Risk"
- Basic & Supplemental Allotments
- LEA Flexibility

Definition of "At-Risk"

According to State Board of Education (SBE) policy, a student who is "at-risk" is:

"a young person who because of a wide range of individual, personal, financial, familial, social, behavioral or academic circumstances may experience school failure or other unwanted outcomes unless interventions occur to reduce the risk factors."

Definition (Cont'd)

"Circumstances which often place students at risk <u>may include, but are not limited to</u>:

- ***not meeting state/local proficiency standards;***
- ***grade retention;***
- ***unidentified or inadequately addressed learning needs;***
- ***alienation from school life;***
- ***unchallenging curricula and/or instruction;***
- ***tardiness and or poor school attendance;***
- ***negative peer influence;***
- ***unmanageable behavior;***
- ***substance abuse and other health risk behaviors;***
- ***abuse and neglect;***
- ***inadequate parental/family and/or school support; and***
- ***limited English proficiency."***

At-Risk?

Consider some hypothetical examples…

Student	Family Income	Family Education	Special Conditions	At-Risk?
A	High	High	Learning Disability	✔
B	High	Average	Parents Divorcing	✔
C	Average	High	Health Crisis	✔
D	Low	Low	Housing Unstable	✔

Implications:

- **"Target group" not easily identified: ever-shifting and very large**
- **Broad range of needs (different types, short v. long term, etc.)**
- **Broad range of interventions required**

Appropriations

- "Foundation" Approach to public school finance

Supplemental Allotments:
address conditions that can create disparities among students
(special needs, at-risk, LEP, low wealth, vocational ed., etc.)

Basic Allotments:
"what every student needs"

(teachers, principals, instructional support, classroom materials, etc.)

- ***Multiple* sources of funding are available to be used for educating at-risk students**

"Funding per Student"

Grades K-3 (State & Federal)

$8,958 Additional

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

$8,213 Additional

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

$2,844 Additional

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

$4,775

Student in grade K-3 with no additional special learning issues.

Basic Appropriations

State Aid to Local Education Agencies (LEAs)
FY 2004-05 General Fund Appropriations

Allotment Category	Budgeted Positions	Budgeted Funds
General Administration		
Central Office Administration		$101,434,583
Instructional Personnel and Related Services		
Classroom Teachers	64,712.50	$2,455,268,691
Teacher Assistants		$377,866,513
Instructional Support (Counselors, Social Workers, Psychologists, etc.)	6,983.50	$297,554,429
School Building Administration	4,051.60	$233,433,692
Classroom Materials/Instructional Supplies/Equipment		$65,569,689
Textbooks		$81,126,220
Annual Leave		$25,852,075
Mentor Pay		$8,100,140
ABC Incentive Awards		$108,000,000
Estimated Matching Benefits		$662,391,415
Subtotal		**$4,315,162,864**
Support		
Noninstructional Support Personnel		$309,077,459
Subtotal		**$4,624,240,323**

Supplemental Appropriations

State Aid to Local Education Agencies (LEAs)
FY 2004-05 General Fund Appropriations

Allotment Category	Budgeted Positions	Budgeted Funds
Categorical Programs		
Academically & Intellectually Gifted		$50,739,625
At Risk Student Services/Alternative Schools		$186,280,082
Children with Special Needs		$548,067,517
Continually Low-performing - extended contract days	7.22	$273,898
Driver Education (Highway Fund)		$31,939,945
High Priority - extended contract days	54.76	$2,077,380
Improving Student Accountability		$34,846,211
Intervention/Assistance Teams		$2,864,985
Limited English Proficiency		$38,643,103
Low Wealth Supplemental Funding		$109,382,460
School Technology		$5,000,000
Small County Supplemental Funding		$37,489,844
Staff Development		$12,000,905
Transportation		$283,265,988
Vocational Education	5,889.70	$319,319,561
Subtotal		**$1,662,191,504**

At-Risk Student Services/ Alternative Schools

$186 million

- **Purpose:** funds must be used to:

  (i) identify students likely to drop out, and

  (ii) provide special alternative instructional programs for these at-risk students.

- **Intended Uses:** school safety officers, summer school instruction, remediation, alcohol and drug prevention, early intervention, safe schools, and preschool screening.

At-Risk Student Services/ Alternative Schools

Allotment Formula:

- **School Safety Officer** – each LEA allotted dollar equivalent ($37,388) of a safety officer per high school

- Of remaining funds…
  - **50%** distributed based on **ADM**
  - **50%** distributed based on **Census poverty count**

- The **minimum allotment per LEA ($197,998)** must equal the avg. salary & benefits for 2 classroom teachers and 2 instructional support positions.

Continually Low-Performing Schools

$273,896

- **Purpose:** funds for **raising achievement** at State's chronically low-performing schools; may be used for **class size reduction, staff development, and additional instruction days.**

- **Eligibility:** As identified by the State Board of Education; must have received State-mandated assistance. Schools must have been designated as low performing for at least two of three consecutive years.

- **Allotment Formula:** Each school receives a **base of $100,000** with remainder distributed based on **dollars per ADM.**

High Priority Schools

$2.1 million

- **Purpose:** to ensure that no class in **kindergarten through third grade** at the State's 37 lowest performing elementary schools has more than **15 students**.
- **Eligibility:** 37 elementary schools at which, for the 1999-2000 school year, over eighty percent (80%) of the students qualified for free or reduced-price lunches and no more than fifty-five percent (55%) of the students performed at or above grade level **(as** defined in S.L. 2001-395).
- **Allotment Formula:** funds allotted for **additional instructional days** ("extended contract").

Improving Student Accountability

$35 million

Purpose: Funds must be used to help improve the academic performance of **students who are at Level I or II (below grade level)** on either reading or mathematics end-of-grade-tests in grades 3-8, on writing tests in grades 4 and 7, and on high school end-of-course tests.

Allotment Formula: Each LEA receives **dollars** based on the number of students who score at Level I or Level II on either reading or mathematics end-of-grade tests in grades 3-8.

State Assistance Teams

$2.9 million

Two types:

- **Mandated:** provide daily, **on-site technical assistance** for instructional year to schools identified by State Board as low-performing.

  (Participating LEAs include: Hertford, Weldon City, Northampton, Bertie, Edgecombe, Washington)

- **Voluntary:** respond to school requests for on-site technical assistance to **enhance staff capabilities**; also assigned to one school for an entire year.

  (Participating LEAs include: Vance, Nash-Rocky Mount, Hoke, Anson, Robeson)

Limited English Proficiency

$39 million

- **Purpose:** Funds must be used to address needs of students who have limited English proficiency.

- **Eligible Uses:** Funds may be used for teachers, teacher assistants, tutors, textbooks, classroom materials/equipment, transportation costs, and/or staff development.

Limited English Proficiency

- **Eligibility:** LEA must have **at least 20 students** (based on 3-yr. weighted avg. headcount) **or at least 2.5%** of ADM identified with LEP. Headcount funded **up to 10.6% of ADM.**

- **Allotment Formula:**

  - Base of one **teacher assistant's average salary & benefits**

  - Of remaining funds…

    -50% based on **ADM in weighted avg. headcount**

    -50% based on **concentration of LEP students**

Low Wealth

$109 million

- Supplemental funds for counties that have below State-average ability to generate local revenue to support public schools.
- Funds may be used to supplement the instructional program, including hiring additional personnel and supplementing teacher pay.

Small County

$37 million

- Counties eligible if they have:
  - (i) fewer than 3,239 in ADM, or
  - (ii) between 3,239 and 4,080 in ADM and are below the State-average adjusted property tax base per student.
- Funds may be used for **any type of expenditure that is supported by State funding allotments** (excluding central office administration and capital construction projects).

LEA Flexibility

- LEAs in best position to **tailor services** to meet the particular needs of their students.
- Each LEA required to have an **Alternative Learning Program (ALP).**
- Various **other plans required** (School Improvement, Safe & Drug Free Schools, Personalized Education Plans, etc.)…

LEA Programs/Services

- **Alternative Learning Programs (ALPs)**
  - Stand-alone schools
  - Programs within schools

- **Dropout Prevention Programs**
  - Preschool
  - Reduced class size (i.e., additional teachers)
  - Tutoring (school day, afterschool, Saturdays, etc.)
  - In-school suspension coordinators
  - Parent-involvement coordinators, counselors, social workers
  - Vocational education

Programs/Services (Cont'd)

- **Remediation Programs**
  - Literacy facilitators (direct work with students and in-house, on-going staff development for teachers)
  - Various focused curricula (READ 180)
- **Services to students with LEP**
  - English as a Second Language (ESL) classes
  - Induction/immersion programs
  - Co-teaching in regular classrooms
  - Parent involvement activities, social workers
  - Tutoring

Summary

- **"At-risk"** population **large** & **varied**
- **Multiple** sources of funding available
- LEAs have **great flexibility** to use allotted funds to meet the particular needs of their students.
- And…yet another allotment…"DSSF"…

Attachment 3

Revised 12/13/04

Disadvantaged Student Supplemental Funding Allotment
Discussion of a Revised Formula Option

Purpose: Develop a formula that is:

a) Stable (does not increase/decrease significantly from year to year)
b) Equitable (treats comparable local education agencies (LEAs) in a similar manner)
c) Built with Independent Variables (variables do not change based on the success or failure of the funded programs)
d) Built with Objective Variables (variables are not subject to different interpretation or application in different LEAs).

Formula Proposal

Step 1: Identify "community" variables that are related to student performance. Combine the following variables into an index that weights each variable based on its correlation with low student performance (other variables were considered; however, only variables with the most substantial correlation with low student performance were included).

- Percentage of public school students living in a single parent household
- Percentage of students eligible for federal ESEA Title I
- Percentage of public school students who have at least one parent with less than a high school diploma.

The resulting composite index ranks LEAs according to the concentration of the community variables for that LEA when compared to all other LEAs.

Step 2: Identify the percent by which each LEA deviates from the State average position on the Index. The LEA with the highest concentration of the identified community variables is 11.11% higher than the State average. The LEA with the lowest concentration is 7.08% lower than the State average.

Step 3: Compute the State average percentage of students performing below grade level on the ABCs, using data from each of the last 5 years. Use this average as a fixed variable that relates to the average percentage of disadvantaged students in North Carolina's public schools. This average, which shall be known as the **State Average Disadvantaged Percentage**, is 24.13%.

Step 4: Add or subtract each LEA's percent deviation, as calculated in 'Step 2,' from the fixed **State Average Disadvantaged Percentage** calculated in 'Step 3'. For example, the LEA with the highest concentration on the index is 11.11% higher than the **State Average Disadvantaged Percentage**; therefore, the calculated **Disadvantaged Population Percentage** for this LEA would be 35.24% (24.13% + 11.11%). The **Disadvantaged Population Percentage** for the lowest concentration would be 17.05% (24.13% – 7.08%).

Step 5: Multiply the **Disadvantaged Population Percentage** by a LEA's average daily membership (ADM) to determine that LEAs **Fundable Disadvantaged Population.**

Disadvantaged Student Supplemental Funding Allotment
Discussion of a Revised Formula Option

Funding Level:

The Fundable Disadvantaged Population can then be funded through an appropriate mechanism. The amount of funding that would be necessary or appropriate has not yet been determined. The State Board believes that the results of the sixteen pilot programs should be considered when determining the amount of funding sufficient to assure improved educational opportunities for at-risk students.

Funding Utilization:

Each LEA will complete and submit to the State Board of Education an Action Plan and an accompanying Budget Plan. These documents should reflect the strategies to be implemented and how the additional funds received will support the designated strategies. Plans should be reviewed by the local board of education prior to submission to the State Board. Upon approval by the State Board, funds will be released to the LEAs. The three areas of focus that LEAs should address in their plans are

- recruiting and retaining teachers (using the Teacher Working Conditions Survey as a tool),
- class size reduction, and
- PEP development and implementation.

Menu of Recommended Strategies

<u>Recruiting and Retaining Teachers</u>

- Signing bonuses
- Performance-based bonuses
- Targeted salary supplements/retention bonuses (for example: additional pay to teachers with National Board Certification)

<u>Personnel</u>

- Class size reduction
- Support for lateral entry teachers
- Support for special instructional programs (i.e., Project Achieve, EVAAS, Learning Bridges, Positive Behavior Support, Schools Attuned, etc.)
- Classroom support for Limited English Proficient (LEP) students

<u>Professional Development Activities</u>

- Best Practices training
- Refining PEPs

<u>Extending instructional time</u>

- Tutorial services
- Transportation and other related costs for after-school programs and/or Saturday academies

<u>Instructional materials, supplies, and equipment</u>

Determination of the Fundable Percentage of LEA's Population as Disadvantaged Based on the Community Index

December 15, 2004 LEA #	LEA Name	Percent of Students Level 3 and Above	Percent of Public School Students Living in a **Single Parent Family**	Percent of Population Age 5-17 **Below Poverty Line**	Percent of Public School Students Who Have at Least One Parent with **Less Than High School Degree**	**Index Value** (Percent or Relative Disadvantaged from the State Mean)	**Percent of ADM used for Disadvantaged Funding** (24.13% plus Index Value)
010	Alamance-Burlington	75.70	23.43	12.00	17.91	-2.65	21.48%
020	Alexander County	79.10	17.12	13.84	20.39	-2.91	21.22%
030	Alleghany County	82.50	11.62	20.04	20.76	-1.95	22.18%
040	Anson County	63.50	35.28	21.84	21.18	4.15	28.28%
050	Ashe County	87.00	14.86	20.43	18.71	-1.53	22.60%
060	Avery County	84.30	14.96	20.75	19.00	-1.34	22.79%
070	Beaufort County	75.60	25.45	22.20	19.93	1.76	25.89%
080	Bertie County	65.50	36.07	27.92	26.41	7.57	31.70%
090	Bladen County	70.50	33.42	23.01	20.13	3.90	28.03%
100	Brunswick County	76.70	24.57	20.56	17.82	0.53	24.66%
110	Buncombe County	85.20	17.32	13.66	13.86	-4.37	19.76%
111	Asheville City	76.00	36.53	27.72	11.46	4.32	28.45%
120	Burke County	82.40	17.85	15.46	28.85	-0.33	23.80%
130	Cabarrus County	84.10	16.46	9.45	12.29	-6.35	17.78%
132	Kannapolis City	72.10	24.57	15.94	26.43	0.84	24.97%
140	Caldwell County	84.10	21.14	15.53	24.66	-0.48	23.65%
150	Camden County	87.90	18.88	16.73	7.60	-4.33	19.80%
160	Carteret County	85.60	23.32	17.58	10.63	-2.36	21.77%
170	Caswell County	76.20	20.81	17.99	18.69	-1.02	23.11%
180	Catawba County	83.00	15.08	10.95	18.84	-4.71	19.42%
181	Hickory City	77.20	24.97	17.60	19.45	-0.04	24.09%
182	Newton Conover City	78.70	36.62	13.57	24.42	2.33	26.46%
190	Chatham County	80.70	15.83	11.36	18.39	-4.50	19.63%
200	Cherokee County	87.30	14.66	22.80	18.34	-0.84	23.29%
210	Edenton/Chowan	76.10	33.19	25.44	15.10	3.57	27.70%
220	Clay County	84.70	11.31	20.48	21.46	-1.72	22.41%
230	Cleveland County	82.00	24.83	17.08	20.36	-0.05	24.08%
240	Columbus County	69.50	26.81	24.96	22.30	3.54	27.67%
241	Whiteville City	72.60	37.35	24.24	19.25	5.02	29.15%
250	Craven County	82.80	25.48	19.18	12.87	-0.83	23.30%
260	Cumberland County	76.70	27.82	20.52	10.06	-0.45	23.68%
270	Currituck County	89.60	20.92	16.14	18.50	-1.67	22.46%
280	Dare County	87.30	16.67	12.46	8.14	-6.19	17.94%
290	Davidson County	85.30	14.17	10.22	15.85	-5.83	18.30%
291	Lexington City	64.30	41.06	22.71	30.68	7.86	31.99%
292	Thomasville City	64.10	28.50	17.30	30.30	3.05	27.18%
300	Davie County	86.10	17.50	10.10	12.51	-5.84	18.29%
310	Duplin County	75.60	20.32	21.66	26.65	1.88	26.01%
320	Durham County	71.20	30.45	17.03	13.69	-0.25	23.88%
330	Edgecombe County	66.40	32.58	22.91	20.11	3.67	27.80%
340	Forsyth County	74.50	24.42	14.55	12.29	-2.79	21.34%
350	Franklin County	72.80	21.71	17.76	19.98	-0.61	23.52%
360	Gaston County	78.50	21.89	15.79	22.11	-0.78	23.35%
370	Gates County	75.70	16.69	20.88	15.38	-1.69	22.44%
380	Graham County	85.40	16.47	24.74	25.78	1.87	26.00%
390	Granville County	76.10	26.75	15.53	19.21	-0.40	23.73%
400	Greene County	72.30	32.11	20.04	29.04	4.54	28.67%
410	Guilford County	77.20	24.66	14.78	12.54	-2.60	21.53%
420	Halifax County	67.10	41.53	33.65	27.90	11.11	35.24%
421	Roanoke Rapids City	76.90	23.75	15.11	12.79	-2.64	21.49%
422	Weldon City	51.10	51.30	26.69	21.36	9.51	33.64%
430	Harnett County	75.50	26.03	18.54	15.30	-0.39	23.74%
440	Haywood County	81.70	18.53	19.01	14.10	-2.20	21.93%

Determination of the Fundable Percentage of LEA's Population as Disadvantaged Based on the Community Index

December 15, 2004 LEA #	LEA Name	Percent of Students Level 3 and Above	Percent of Public School Students Living in a **Single Parent Family**	Percent of Population Age 5-17 **Below Poverty Line**	Percent of Public School Students Who Have at Least One Parent with **Less Than High School Degree**	**Index Value** (Percent or Relative Disadvantaged from the State Mean)	**Percent of ADM used for Disadvantaged Funding** (24.13% plus Index Value)
450	Henderson County	85.40	17.88	16.97	15.41	-2.76	21.37%
460	Hertford County	61.30	32.68	28.85	17.80	5.22	29.35%
470	Hoke County	66.40	28.44	22.08	17.97	1.97	26.10%
480	Hyde County	73.50	27.02	30.68	17.98	4.60	28.73%
490	Iredell-Statesville	79.70	17.50	12.15	13.61	-4.90	19.23%
491	Mooresville City	85.10	19.22	12.15	12.27	-4.80	19.33%
500	Jackson County	77.80	20.51	19.83	11.77	-1.98	22.15%
510	Johnston County	81.40	17.91	15.71	17.66	-2.69	21.44%
520	Jones County	81.90	26.70	24.13	21.72	3.10	27.23%
530	Lee County	78.30	21.37	17.63	20.01	-0.72	23.41%
540	Lenoir County	77.70	32.21	23.22	19.95	3.65	27.78%
550	Lincoln County	80.60	14.96	15.26	21.11	-2.76	21.37%
560	Macon County	83.60	20.68	18.63	14.41	-1.77	22.36%
570	Madison County	79.80	18.91	21.64	18.84	-0.16	23.97%
580	Martin County	72.30	31.13	25.65	18.79	3.99	28.12%
590	McDowell County	80.10	17.93	14.76	20.38	-2.41	21.72%
600	Charlotte-Mecklenburg	75.60	24.40	13.05	11.25	-3.54	20.59%
610	Mitchell County	79.10	13.76	17.88	22.07	-1.92	22.21%
620	Montgomery County	68.20	22.28	21.35	32.65	3.54	27.67%
630	Moore County	82.50	20.53	16.41	16.13	-2.19	21.94%
640	Nash-Rocky Mount	74.80	26.47	20.34	19.95	1.36	25.49%
650	New Hanover County	84.00	23.59	17.43	10.31	-2.42	21.71%
660	Northampton County	63.80	37.64	29.16	25.45	8.15	32.28%
670	Onslow County	85.30	18.97	19.07	10.80	-2.80	21.33%
680	Orange County	81.10	19.07	11.92	15.37	-4.23	19.90%
681	Chapel Hill-Carrboro	88.80	18.91	12.74	4.82	-6.31	17.82%
690	Pamlico County	83.40	23.53	23.98	16.86	1.26	25.39%
700	Pasquotank County	71.90	32.93	24.36	12.50	2.57	26.70%
710	Pender County	81.70	17.81	20.97	17.53	-0.93	23.20%
720	Perquimans County	79.00	29.93	28.62	17.71	4.50	28.63%
730	Person County	80.50	22.19	16.31	18.48	-1.33	22.80%
740	Pitt County	75.30	27.63	21.68	15.31	1.06	25.19%
750	Polk County	88.30	13.96	12.59	14.44	-5.37	18.76%
760	Randolph County	80.10	15.84	11.29	22.46	-3.62	20.51%
761	Asheboro City	75.10	18.30	15.98	25.78	-0.72	23.41%
770	Richmond County	72.00	30.96	22.90	19.09	3.07	27.20%
780	Robeson County	67.80	35.03	25.82	27.92	6.95	31.08%
790	Rockingham County	75.90	20.32	16.25	22.94	-0.79	23.34%
800	Rowan-Salisbury	78.40	21.14	15.78	16.95	-2.09	22.04%
810	Rutherford County	80.30	21.16	18.36	23.83	0.32	24.45%
820	Sampson County	76.90	21.27	19.76	24.58	0.99	25.12%
821	Clinton City	78.30	34.40	26.79	13.73	4.01	28.14%
830	Scotland County	75.10	30.70	22.88	20.73	3.36	27.49%
840	Stanly County	80.40	16.71	14.69	18.70	-3.09	21.04%
850	Stokes County	79.90	16.42	13.31	17.86	-3.81	20.32%
860	Surry County	82.70	14.29	16.10	26.52	-1.43	22.70%
861	Elkin City	85.80	15.11	17.15	20.00	-2.32	21.81%
862	Mount Airy City	84.90	18.34	16.21	20.93	-1.70	22.43%
870	Swain County	80.90	18.28	31.10	15.86	2.29	26.42%
880	Transylvania County	89.20	17.67	18.51	11.48	-3.14	20.99%
890	Tyrrell County	82.80	38.37	31.48	18.45	7.57	31.70%
900	Union County	83.40	14.96	12.85	13.06	-5.36	18.77%
910	Vance County	62.70	37.50	25.37	26.13	6.96	31.09%

Determination of the Fundable Percentage of LEA's Population as Disadvantaged Based on the Community Index

December 15, 2004 LEA #	LEA Name	Percent of Students Level 3 and Above	Percent of Public School Students Living in a **Single Parent Family**	Percent of Population Age 5-17 **Below Poverty Line**	Percent of Public School Students Who Have at Least One Parent with **Less Than High School Degree**	**Index Value** (Percent or Relative Disadvantaged from the State Mean)	**Percent of ADM used for Disadvantaged Funding** (24.13% plus Index Value)
920	Wake County	85.30	17.23	10.13	7.14	-7.08	17.05%
930	Warren County	67.30	32.91	29.42	24.81	7.02	31.15%
940	Washington County	57.40	35.01	26.84	22.95	6.20	30.33%
950	Watauga County	90.50	14.61	15.01	11.51	-5.04	19.09%
960	Wayne County	74.70	27.82	20.46	13.08	0.19	24.32%
970	Wilkes County	81.30	14.45	17.13	24.77	-1.43	22.70%
980	Wilson County	80.90	32.20	23.68	21.34	4.12	28.25%
990	Yadkin County	78.00	14.07	13.93	19.78	-3.71	20.42%
995	Yancey County	84.70	13.83	21.56	19.95	-1.11	23.02%

Percent of ADM Used for Disadvantaged Funding

Compute the State average percentage of students performing below grade level on the ABCs, using data from each of the last 5 years. Use this average as a fixed variable that relates to the average percentage of disadvantaged students in North Carolina's public schools. This average, which shall be known as the **State Average Disadvantaged Percentage**, is 24.13%.

Add or subtract each LEA's percent deviation, per the **Index**, from the fixed **State Average Disadvantaged Percentage.** For example, the LEA with the highest concentration on the index is 14% higher than the **State Average Disadvantaged Percentage**; therefore, the calculated **Disadvantaged Population Percentage** for this LEA (Halifax County) would be 35.24% (24.13% + 11.11%). The **Disadvantaged Population Percentage** for the lowest concentration (Wake County) would be 17.05% (24.13% – 7.08%).

VISITOR REGISTRATION SHEET

J.L Approp. Subcom on Ed. — 3/15/05 — 8:30a.m.
Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Stephanie Erba	Intern, State Board of Ed.
[illegible]	[illegible]
Lydia Bruder	DPI
Karen Peng	DPI
[illegible]	NCASA
Alexis Schauss	DPI
Philip Price	DPI
Anne Arthur	Governor's Off.
K. Carl Williams	NCHBA
Elizabeth Donnellan	OSEM
James O. Smith	UNC
Molly Ryan	NCSBA
Rod Magnet	CMS
Mary Penny	UNC
Arlene Bandy	OSBM
Carol Lauer	CCILS
[illegible]	[illegible]
Gene Causby	NCSEIS
Don McConnaughe	SAS
Sheila McKenna	NC DHHS
Stephanie Winner	NCSBA
[illegible]	NCPAPD
[illegible]	[illegible]
David Planner	Poyner + Spruill

VISITOR REGISTRATION SHEET

JL Approp. Subcom. on Ed — 3/15/05 — 8:30 a.m.

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Marcus Downs	NCAE
Michael Houser	NCAE
Kenwood Briggs	NCCCS
Mark Fleming	work for Kennedy
Cecil Bell	NCAE
Kyle Nelson	UNC
Hal Miller	NCAECT
Karen Baumbach	ASU
Ken Peacock	Appalachian State Univ.
Steve Metcalf	ASU
Peaches Blank	NC State
Rudy Willis	NC State

House Pages

Name Of Committee: _____ Date: 3/15/05 8:30 a.m.

1. Name: Katharina Stevens
   County: Wake
   Sponsor: Capps
2. Name: Danielle Carr
   County: Wake
   Sponsor: Speaker
3. Name: John Colvin Young
   County: Johnston
   Sponsor: Smith
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: Brad Bracefort House Sgt. @ Arms
2. Name: Charles William House Sgt @ Arms
3. Name: Stan Johnson Senate Sgt @ Arms
4. Name: Wade Auclair Senate Sgt @ Arms
5. Name: _____

Joint Appropriations Subcommittee on Education

Agenda

Tuesday, March 15, 2005, 2:00 P.M.
Room 421, Legislative Office Building

Senator Swindell, Presiding

I. Welcome

Senator Swindell

II. Low Wealth and Small County Supplemental Allotments

Adam Levinson, *Fiscal Research Division*

III. Committee Questions

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Tuesday, March 15, 2005, 2 p.m.

The Senate Appropriations Subcommittee on Education/Higher Education met jointly with the House Appropriations Subcommittee on Education in Room 544 of the Legislative Office Building at 2:00 p.m. Six members of the Senate were present and the following Representatives were present: Jeffus; Tolson; Yongue; Johnson; Preston; Rapp; Bell; Cleveland; Fisher; Parmon; and Pate. The Education Fiscal Research Division was also in attendance. A Visitor Registration list is attached and made a part of these minutes.

The Chair recognized Adam Levinson, Fiscal Research Division, to review the allotment for Low Wealth Supplemental Funding for the public schools for FY 2004-05. The handout is included as Attachment A.

Mr. Levinson also reviewed the appropriation for Small County Supplemental Funding and his handout is made a part of these minutes as Attachment B. Questions by members were raised and answered.

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

Respectfully submitted,

Senator A. B. Swindell
Chairman

Mo Hudson
Committee Assistant

Attachment A

Low Wealth Supplemental Funding

FY 2004-05 Allotment: $109,382,460

Purpose

- To distribute additional resources to counties not able to generate the State average local revenue per ADM
- 80 LEA's (70 Counties) received funding in FY 2004-05

Determination of Eligibility and Funding Levels

To simplify, the formula contains three basic steps:

1. Determine a county's "wealth" by:
   - Calculating the amount of local revenue that the county could generate, based on adjusted property value and other sources. Use this amount and the county's average daily membership (ADM), to compute the county's local revenue per ADM.
   - Adjust revenue per ADM using 3-year average per capita income and county tax base per square mile.
2. Compare the adjusted local revenue per ADM to the State average local revenue per ADM. If the county is below the State average, it is eligible for supplemental funding.
3. Determine how much supplemental funding would be required to bring the county up to the Statewide average local revenue per ADM.

Effort Provision

In order to be sure that counties are doing their "best" to contribute, an eligible county must meet one of the following standards in order to receive the supplemental funding prescribed by the formula:

1. Local property tax rate above the State average
2. Local appropriations per ADM exceeding what the formula calculates that a county could contribute.

Eligible Uses of the Funds

- Instructional Services such as teachers, supplies, and equipment
- Local salary supplements, recruitment & retention bonuses
- Staff Development

Attachment B

Small County Supplemental Funding

FY 04-05 Appropriation: $37,489,844

Purpose

- To recognize that local school systems (LEAs) in small counties do not benefit from the economies of scale that those in large counties do, and that small counties may therefore be allotted insufficient resources to provide basic instructional and administrative functions
- To distribute additional resources to those counties whose relatively small school population (measured in Average Daily Membership "ADM") limits the amounts of funding for certain position and dollar allotments

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Eligibility

- To be eligible, a county must meet at least one of the following requirements:
  1. Have an allotted ADM of fewer than 3,239 students
  2. Have an ADM of between 3,239 and 4,080 and a county-adjusted property tax base per student that is below the State-adjusted property tax base per student
- If a county becomes ineligible because of an adjustment in the property tax base:
  - Funding is phased out over a two-year period
  - 100% of funding is provided in the first year, 50% in the following year
- If a county becomes ineligible because of an increase in population, then they will receive funding for five years after the determination of ineligibility

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Allotment

Dollar equivalents are provided to LEAs for:

1. Rounding up all fractions of position allotments to whole ones
2. Five classroom teacher positions if ADM per square mile is greater than four; seven positions if ADM per square mile is equal to or less than four
3. One Teacher Assistant position per 400ADM
4. Vocational Education and Program Support Months of Employment based on sixth grade ADM
5. Program Enhancement Teachers, with the number of positions based on ADM
6. The difference between the allotment for Classroom Materials/ Instructional Supplies/Equipment and $614,148

VISITOR REGISTRATION SHEET

Jt. Approp. Subc. On Ed/High Ed — March 15, 2005 — 2:00 P.M.

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mary Klenz	League of Women Voters of NC
JUDIE BURKE	LEAGUE OF WOMEN VOTERS - ORANGE DURHAM ORANGE
Tripp Melton	Sen. Stevens Intern
N.C. Robinson	N.C. Black Leadership Caucus
Angela Dent	NC [illegible]
Carole Lawler	EGHS
Marcus Davis	NCAE
Gerry Hammond	EGHS
Carol Boles	NCAE
Michael Houser	NCAE
MICHELLE LAWS	NC HMCUC

VISITOR REGISTRATION SHEET

Jt. Approp. Subc. On Ed/High Ed — March 15, 2005 — 2:00 P.M.

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lorin Baumhover	Appalachian State University
Karen Fey	DPI
Lydia Pruden	DPI
Molly Ryan	NCSBA
DAVID DUNN	UNC CHARLOTTE GO NINERS!
Patric Miller	The Miller Co
Mary Darcy	VIP Nurse
Anna Lamb	WCPSS
Jan Lemon	Hair Control
Elizabeth Brondolo	OSBM
Anne Barden	OSBM
Gene Causby	NCSFS

VISITOR REGISTRATION SHEET

Jt. Approp. Subc. On Ed/High Ed — March 15, 2005 — 2:00 P.M.

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tom Coley	CWA
Ron Bauer	CWA
Mike Long	CWA

Joint Appropriations Subcommittee on Education

Agenda

Wednesday, March 16, 2005, 8:30 A.M.

Room 421, Legislative Office Building

Representative Jeffus, Presiding

I. Welcome

Representative Jeffus

II. ABCs of Public Education

Adam Levinson, *Fiscal Research Division*

III. Committee Questions

IV. Charter Schools

Adam Levinson, *Fiscal Research Division*

V. Committee Questions

VIII. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

Minutes

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

March 16, 2005
8:30 A. M.

The House Appropriations Subcommittee on Education met on Wednesday, March 16, 2005, in room 421 of the Legislative Office Building at 8:30 A.M.

Six Senators were in attendance. The following Representatives were present: Jeffus, Tolson, and Yongue, Chairs; and Johnson, Preston, Rapp, Cleveland, Fisher, Michaux, Parmon, Pate, and Sauls, members. Mr. Adam Levinson, Mr. Richard Bostick and Ms. Kristine Leggett, Education Fiscal Research Division, were present.

Representative Jeffus called the meeting to order at 8:30 A.M.

Chair Jeffus introduced Senator Kay Hagan, Chair of Appropriation Committee, to speak to the committee on the appropriations. She wanted to spread the word that there is a very tight budget situation. They are looking at the revenue resources for half of the shortfall situation and the other half would be budget cuts. That equals to $500 million in cuts and $500 million in new revenue. She is asking for the committee to look at the whole picture and make cuts accordingly. The Senate is scheduled to have their budget finished by April 30; therefore, the House will have time to finish their budget by June 30.

Chair Jeffus welcomed the many visitors and particularly the Superintendents and their assistants from around the state.

Chair Jeffus recognized Mr. Adam Levinson to explain the ABCs of education. (Attachment 1) Briefly, the history of the ABCs program is that in 1996 the General Assembly created technically in the Statutes the School Base Management and Accountability Program. Through that the General Assembly directed the State Board of Education to develop the program around the central goal of improving student's performance. This program became known as the ABCs. The guiding principles of the ABCs are: **A**ccountability, Focus on the **B**asics, Local **C**ontrol. Following Mr. Levinson's overview there were questions that were proposed and answered.

Chair Jeffus again welcomed the many visitors since many had departed and many new ones had arrived.

Mr. Levinson continued with the section regarding Charter Schools that the General Assembly passed legislation in 1996 to create. (Attachment 2) In 2004-05,

North Carolina has ninety-seven (97) operating Charter Schools. At the end of Mr. Levinson's presentation, he called for questions.

The Sergeant-at-Arms list, Page list and handouts are attached and made part of the minutes.

There being no further business, Chair Jeffus announced that the committee would meet at 2:00 P.M. and adjourned the meeting at 9:50 A.M.

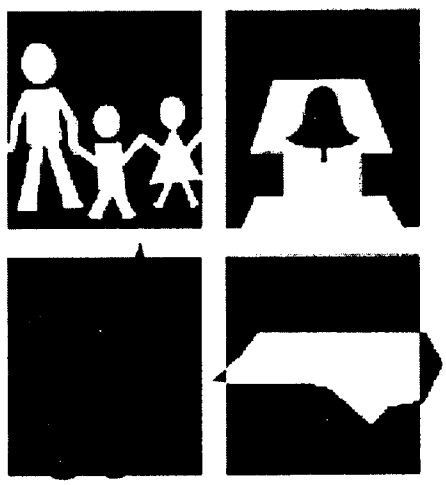
Respectfully submitted,

Rep. Maggie Jeffus
Representative Margaret (Maggie) M. Jeffus
Presiding Chair

Mary Lee Robinson
Mary Lee Robinson
Committee Assistant

Attachment 1.

NC Public Schools: The ABCs of Public Education



North Carolina General Assembly

Joint Legislative Appropriations Subcommittee on Education

March 16, 2005

8:30 a.m.

The ABCs of Public Schools
Est. 1996

History

In 1996 the General Assembly created the "School Based Management and Accountability Program" (G.S. 115C-105.20) and directed the State Board of Education to develop the program around the central goal of improving student performance. This program became known as "the ABCs."

Guiding Principles

"**A**ccountability, Focus on the **B**asics, Local **C**ontrol"

- State testing program aligned with curriculum ("standard course of study") sets standards for student performance and annual growth in basic subject areas of mathematics and reading
- Schools and LEAs held accountable for the education/growth of all students
- Schools and LEAs are granted instructional, programmatic, and financial flexibility
- Schools and LEAs are expected to involve parents, teachers, and community representatives in the "school improvement" planning and evaluation process
- School report cards for all schools in the State will document publicly the performance of schools and LEAs

Major Implementation Components

- State Board (DPI) provides technical assistance in development and implementation of school-based management program
- Testing program assesses student achievement; State Board "recognizes" schools and LEAs for meeting or exceeding their goals
- State Board (DPI) identifies low-performing schools and provides both mandated and voluntary assistance programs to help these schools improve
- Local Boards/LEAs are granted budget flexibility and waivers of certain laws, regulations, and policies that may inhibit their ability to reach accountability goals

School Improvement Teams and Parent Participation on Teams

G.S. 115C-105.27, Development and approval of school improvement plans, requires each school to develop a school improvement plan that takes into consideration the annual performance goals for that school that are set by the State Board of Education under G.S. 115C-105.35.

Stakeholders' Involvement in the Plan

A **school improvement team**, made up of the principal and representatives of assistant principals, instructional personnel, instructional support personnel (such as media specialists, counselors and physical activities specialists) and teacher assistants assigned to the school building and parents of children enrolled in the school, will develop a school improvement plan to strengthen student performance. G. S. 115C-105.27 requires that "representatives of the assistant principals, instructional personnel, instructional support personnel and teacher assistants be elected by their respective groups by secret ballot."

G.S. 115C-288(l) requires the principal to ensure that a school improvement team is established for the purpose of developing, reviewing and revising a school improvement plan. Further, G.S. 115C-47, section 38 requires local boards of education to "...adopt a policy to ensure that each principal has established a school improvement team" under G.S. 115C-105.27 and in accordance with G.S. 115C-288(l). Local boards of education are required to direct the superintendent or his/her designee to "provide appropriate guidance to principals to ensure that these teams are established" and that principals work together with these teams to develop, review and amend school improvement plans."

Parents As Team Members

Parent representatives on the team must reflect the racial and socio-economic composition of the student population. Also, school improvement team meetings must be held at times that are convenient for parents to attend.

A three-year term may be too long to ask a parent to serve on a school improvement team. Some may be hesitant to serve if the term is that long. In addition, that would make all parents with children in the last two years of a school ineligible to serve. Having only parents of first-year students in a three-year middle school, for example, is not a good representation of parents, nor is it in the best interest of the school or students.

The law requires that parent members of school improvement teams be elected by the parents. Those parents who have children attending the school are eligible to vote for the parent team members just as they are eligible to serve as parent team members with authority to vote on decisions made by the team.

Budget Flexibility

Note: This information does not pertain to charter public schools.

G.S. 115C-105.25, Budget Flexibility, provides for maximum flexibility in the use of funds. When a school improvement plan is accepted under G.S. 115C-105.22, the local board of education may transfer and approve transfers of funds between funding allotment categories, subject to the limitations outlined below.

Teacher Assistants

No waiver is required to transfer state funds appropriated for teacher assistants in grades K-3 to teacher positions, if included in the school improvement plan. Only vacant positions may be transferred. Grade placements cannot be waived.

An LEA may request a waiver to place teacher assistants who are primarily assigned to grades K-3 and provide other services supporting the whole school. Interpreting the meaning of a primary assignment must be decided by each local board of education. Logically, the primary assignment would be at least 51% of the workday.

Classroom Materials/Instructional Supplies/Textbooks

No waiver is required to transfer state funds allotted for classroom materials instructional supplies/equipment to textbooks, if this is included in the school improvement plan.

Textbooks

No waiver is required to transfer state funds allotted for textbooks to classroom materials/instructional supplies/equipment, if this is included in the school improvement plan.

Noninstructional Support Personnel

No waiver is required to transfer state funds allotted for noninstructional support personnel (clerical, custodians, and substitute pay) to teacher positions (any grade), if included in the school improvement plan. **No other waiver/transfer of these funds is allowed.**

Central Office Administration

Funds cannot be transferred into the central office administration category.

Exceptional Children/Driver Education

Funds allotted for exceptional children, including behavioral support funds, cannot be

transferred. Driver education funds may not be transferred.

Classroom Teachers

Classroom teacher funds **can only be transferred** for classroom/instructional supplies/equipment, exceptional children teachers, at-risk teachers, and textbooks.

Vocational Education

State funds allotted for vocational education may be transferred.

Career Development

Career development funds cannot be transferred.

State Public School Fund
FY 2004-20045 ABC Transfer Policies

General Policy: **Revised**

State Board waivers are not required for financial transfers. The only transfers required to be in a school improvement plan are the following categories: Academically Gifted Students (some transfers), Classroom Materials/Instructional Supplies/Equipment, Noninstructional Support Personnel, Teacher Assistants and Textbooks. Details of the transfer policies are outlined below.

NOTE: Final date for receipt of ABCs Transfers at the N. C. Department of Public Instruction is Friday, May 27, 2005.

Allotment Category	ABC Transfer Policy
ABC Incentive Award	No transfers are allowed.
Academically or Intellectually Gifted Students	Funds can be transferred to other categories if in a school's improvement plan and if all academically or intellectually gifted students are appropriately served. Funds may be transferred into this category.
At-Risk Student Services/ Alternative Schools Funds are available from July 1 - August 31 of the next fiscal year.	Funds cannot be transferred out of this category. Funds can be transferred into this category.
Central Office Administration	Funds cannot be transferred into this category. Funds can be transferred out for any other purpose.
Children with Disabilities Includes behavioral support funds	Funds may not be transferred out of this category. Funds may be transferred in from any category.
Classroom Materials/ Instructional Supplies/ Equipment	Transfers to textbooks are allowed if included in a school's improvement plan. No other transfers are allowed.
Classroom Teachers* The State does not allot dollars to hire teachers. The State pays the salary cost of the State paid teachers that a local system employs.	Funds can only be transferred for classroom materials/ instructional supplies/equipment, exceptional children teachers, at-risk teachers, or textbooks. Funds transferred are based on the Statewide average salary for teachers, including fringe benefits.
Driver's Education	No transfers are allowed.

Allotment Category	ABC Transfer Policy
Improving Student Accountability Funds are available from July 1 - August 31 of the next fiscal year.	Funds may not be transferred out of this category. Funds may be transferred in from any category.
Instructional Support Personnel* The State does not allot dollars for this category. The State will pay the salary cost of the State paid positions that a local system employs.	Funds can be transferred for any purpose. Can be used for teachers in any grade without a transfer. Funds are based on the Statewide average salary for instructional support, including fringe benefits.
Intervention/ Assistance Team Funding	No transfers are allowed.
Limited English Proficiency.	No transfers are allowed.
Noninstructional Support Personnel Includes clerical support, custodians and substitutes	Transfers are allowed only for teachers (any grade) if in a school's improvement plan. Three percent (3%) of these funds may be transferred for staff development. No other transfers are allowed.
School Building Administration* The State does not allot dollars for this category. The State will pay the salary cost of the State paid positions that a local system employs	Funds can be transferred for any purpose. Funds transferred are based on the Statewide average salary for principals, including fringe benefits and assistant principals including fringe benefits. Waivers for placement of principals on the salary schedule for low-performing schools must be approved by the State Board.
School Technology Funds are available until expended.	No transfers are allowed.
Staff Development Funds are available July 1 – December 31 of the next fiscal year.	Funds can be transferred for any purpose. LEAs must allot 75% of funds to schools.
Supplemental Funding	No waivers are allowed.

Allotment Category	ABC Transfer Policy
Teacher Assistants	Transfers allowed only for teachers in grades K-3 if in a school's improvement plan. Positions must be vacant to transfer. Grade placement may be waived if in a school's improvement plan to serve students primarily in grades K-3 when the personnel are assigned to an elementary school to serve the whole school.
Textbooks	Transfers to Classroom Materials/Instructional Supplies/ Equipment are allowed if included in a school's improvement plan. No other transfers are allowed. LEAs will not have to obtain a waiver to purchase off the State-adopted list.
Transportation	Funds can be transferred. Transfers will impact efficiency ratings.
Vocational Education*	Funds can be transferred between vocational education categories. Limited transfers for other purposes are based on promulgated rules established by the State Board to comply with these regulations. The limit for FY 2003-04 is the legislative increase times the allotted months of employment minus the adjustment for charter schools. Funds transferred are based on the Statewide average salary for vocational educational including fringe benefits.

*Refer to the most recent Statewide Average Salary document for this year.

Waivers of State Laws, Rules or Policies

G.S. 115C-105.26, Waivers of State Laws, rules or policies, specifies that waivers may be submitted by local boards of education when included as part of an accepted school improvement plan. Waivers will be granted only for the specific schools for which they are requested and must be used only under the specific circumstances for which they are requested.

Local boards of education may request waivers of state laws, rules or policies on the behalf of specific schools using the following procedures:

- Identify the school.
- Describe what inhibits the school's ability to improve student performance.
- Identify the waiver requested.
- Specify how the waiver will be used.
- Explain how the waiver will permit the school to improve student performance.

When the superintendent and the local board of education have approved school improvement plans, waivers that require approval by the State Board of Education should be summarized on the *School-Based Management and Accountability Program Summary of School-Based Waiver Requests* form and submitted for review to

Dr. Elsie C. Leak, Associate State Superintendent
Office Curriculum and School Reform Services
North Carolina Department of Public Instruction
6307 Mail Service Center
Raleigh, NC 27699-6307

The Office of Curriculum and School Reform Services (CSRS) will determine if identified laws, rules, or policies, should be waived and to what extent. The recommendation will then be sent to the State Board of Education for acceptance or rejection. Plans for the 2002-2005 cycle should have been developed and submitted to the local board of education prior to the 2002-2003 school year. If new waivers are needed each year, the plan and the waivers must be submitted to the local board for approval. The local board of education sets the due date for school improvement plans.

The State Board of Education will approve or reject the request for waivers submitted by CSRS for the specific schools with justification to the local superintendent.

Upon notification of approval, the local school system must complete a *Transfer of Funds* form for approved waivers. A copy of the waiver request form is included in the appendices

of this document. The completed form must be submitted to

Office of Financial and Business Services
School Allotment Section
North Carolina Department of Public Instruction
6313 Mail Service Center
Raleigh, NC 27699-6313

Local school systems are then responsible for ensuring that the approved transfer goes to the specific school that requested it.

Waivers may be granted in the following areas:

- class size in grades fourth through twelfth grades (this excludes class size limitations in grades K-3),
- requests must be made to provide financial incentives to encourage principals to accept employment in schools identified as low-performing under G.S. 115C-105.30 and
- state rules and policies.

Waivers will not be granted in the following areas:

- salary schedules and employee benefits;
- instructional program required under the Basic Education Program (BEP);
- system of employment for public school teachers and administrators under G.S. 115C-287.1 and G.S. 115C-325;
- health and safety codes;
- compulsory attendance;
- minimum lengths of the school day and year;
- Uniform Education Reporting System; and
- G.S. 115C-12(16)b regarding the placement of state-allotted office support personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the State Board of Education.

School systems may request waivers of state laws, rules, or policies that affect the organization, duties and assignment of central office staff only. **None of the central office duties to be performed under G.S. 115C-436 may be waived.**

Highlights of the ABCs Accountability Model

ABCs Awards and Recognition Categories

School Status Labels and Recognitions

Performance Level Based on Percent of Students' Scores at or above Achievement Level III	*Academic Growth*		
	Schools Making Expected Growth or High Growth		Schools Making Less than Expected Growth
90% to 100%	Met AYP	Honor School of Excellence	No Recognition
	AYP Not Met	School of Excellence	
80% to 89%	School of Distinction		
60% to 79%	School of Progress		
50% to 59%	Priority School		
Less than 50%	Priority School		Low Performing
Additional Recognitions			
25 Most Improved K-8 Schools and 10 Most Improved High Schools			

Incentive Awards

- In all schools that attain the High Growth standards, certified staff members each receive up to $1,500 incentive awards and teacher assistants receive up to $500.
- In all schools attaining the Expected Growth standard (but less than High Growth), certified staff members each receive up to $750 and teacher assistants receive up to $375.

Sanctions

Schools that do not meet the expected growth standard and have a performance composite of less than 50 percent are identified as low performing. The State Board of Education will assign mandatory state assistance teams to a select group of low-performing schools. Other schools in this category will be eligible for voluntary assistance to help improve the school's performance. Low-performing schools must notify students' parents in writing about the schools' low-performing status. The ABCs program includes reporting the Adequate Yearly Progress (AYP) of schools under the No Child Left Behind Act of 2001, but no ABCs rewards or sanctions are based on AYP for the 2003-04 school year.

Components of the ABCs at the K-8 Level

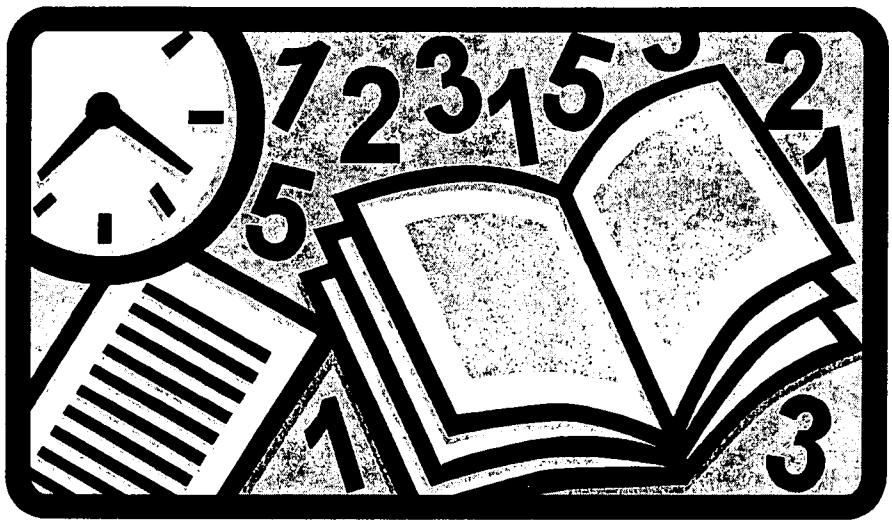
- Based on the end-of-grade tests in reading and mathematics in grades 3-8 (growth and performance).
- Alternate Assessment Portfolios and Alternate Assessment Academic Inventories (for qualified students with disabilities) in performance composite and AYP only.
- Computer Skills Tests at grade eight in performance composite only.
- Statewide accountability testing is not allowed in grades K-2. Special assessments are used to chart students' academic growth.
- End-of-Course results for students taking EOC tests (growth and performance).

Components of the ABCs at the High School Level

- Student performance on eight mandated end-of-course tests: Algebra I; Algebra II; Biology; Chemistry; English I; Geometry; Physical Science; Physics.
- Growth is calculated using prediction formulas that factor in past performance to predict students' future performance.
- Current year-to-baseline (average of two previous years) comparison of percentages of students completing College/University Prep or College Tech Prep courses of study.
- ABCs dropout rate (current year versus two-year baseline).
- Gain in passing rate on high school competency tests from the end of 8th grade to the end of 10th grade.
- SAT scores and participation rates for the last three years are reported, but not included in the schools' composite scores determining ABCs status.

Attachment 2

NC Public Schools Budget: Charter Schools



North Carolina General Assembly

Joint Legislative Appropriations Subcommittee on Education

March 16, 2005

8:30 a.m.

Charter Schools

1998-2005

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 2004-05, North Carolina has 97 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	0	33	4,106	0.3%	$ 16,559,947
1998-99	31	26	3	0	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	0	93	21,578	1.6%	$ 94,286,726
2004-05	4	4	0	0	97	24,784	1.8%	$ 110,888,050
	128	**117**	**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).

Allotments for Charter Schools

FY 2004-05 Allotment: $110,888,050

TYPE: Dollars

PURPOSE: Provides state funding to charter schools based on the students attending the school.

ELIGIBILITY: All Charter Schools approved by the State Board of Education.

FORMULAS: Funding for an existing Charter School is based on the dollars per ADM of the LEA in which the school is located. Funding for new Charter Schools is based on the dollars per ADM of the LEA in which the student is, or would be, currently enrolled. The total number of public school students attending a new Charter School will reduce a LEA's initial allotment.

A LEA's initial allotment is also reduced for charter schools growing more than 10% of the previous year's Best 1 of 2 ADM. LEAs are held harmless and will not have their allotment reduced for the following categories: Central Office Administration, School Building Administration and Staff Development.

A Charter School will have 34% of its Initial Allotment available to "draw down" after the General Assembly adjourns. After the 1st month, ADM is submitted; allotments will be recalculated based on the school's ADM and an additional 34% of the allotment will be made available to the Charter School . If the Charter School 's first month ADM is lower than the initially funded ADM, the Charter School 's state allotments will be decreased. If charter student population increases after the 1st month, the State Contingency Reserve will be used to fund the increase (up to the charter school's maximum ADM). The final 32% of the allotment will be distributed prior to the end of March.

After 1st month ADM adjustments, a Charter School can request additional funding if it has significant growth (10% or more) in months two through four. Requested ADM must be verified and be within the Charter School 's maximum. The state contingency reserve will be used to fund the prorated increases within funds available. Please refer to the Charter School Financial Guide for instructions for this process.

In addition to the state funding based on dollars per ADM, a charter school may receive Children with Disabilities, Limited English Proficiency, and Improving Student Accountability funding **if they qualify**.

SPECIAL PROVISIONS:

1. During the first 60 school days, if a child with disabilities was included in the prior fiscal year April 1 child count and leaves or returns to a LEA from a Charter School, the prorata share of funds allocated for that child will be adjusted. In order to initiate the transfer of funds, the LEA or Charter School receiving the students must complete the appropriate transfer request forms by the 10th of the month following the month the child transferred. Children with Disabilities' transfer requests are sent to the School Allotments Section. Reference the *Charter School Financial Guide* for the form. Information must include the student's name, social security number, birth date, the LEA or Charter School from which the child came, the date the student transferred, and the beginning date of the current school year.
2. A Charter School operating in its third year that has not received any financial warnings during the two previous years will receive the balance of its total allotment after the first month.

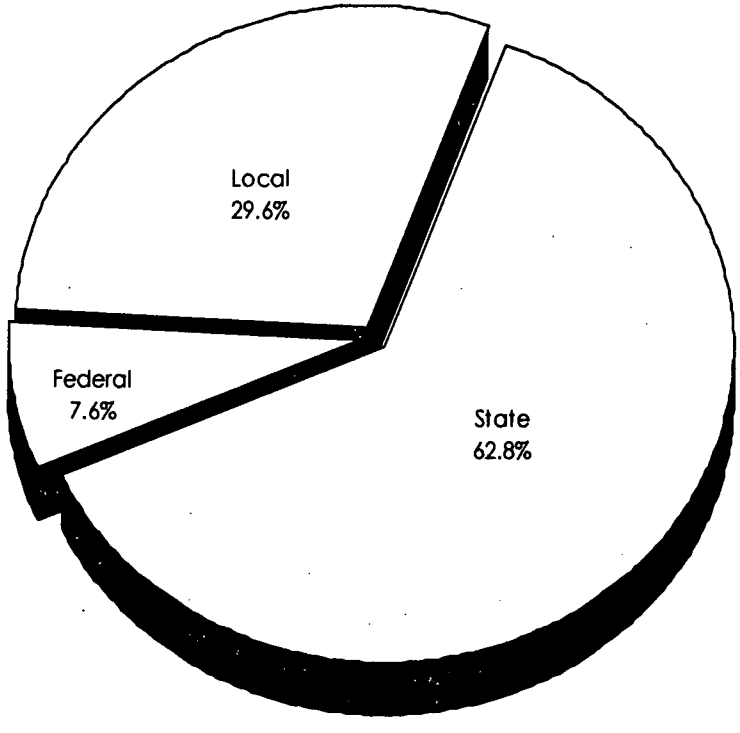
Charter School Expenditures

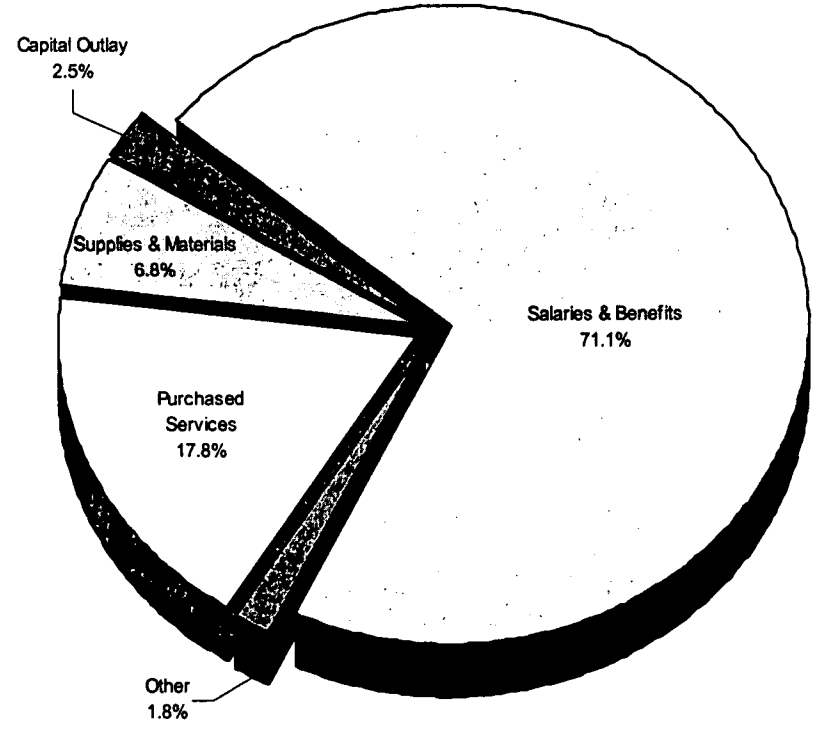
FY 2003-04

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 Projected State Funding

FY2004-05

CS #	Charter School Name	Funded ADM	FY 04/05 Projected State Funding	Funding Per ADM
01A	Lakeside Charter School	56	$ 265,470	$ 4,741
01B	River Mill	360	1,474,224	4,095
01C	Clover Garden School	367	1,538,880	4,193
01D	New Century School (previously 68B)	88	420,599	4,780
06A	Grandfather Academy	40	264,602	6,615
06B	Crossnore Academy	73	470,260	6,442
07A	Washington Montessori	227	1,120,959	4,938
10A	Charter Day School	512	2,269,693	4,433
11A	Evergreen Community Charter	364	1,716,787	4,716
11B	ArtSpace Charter School	246	1,137,580	4,624
11K	Francine Delany School	145	704,479	4,858
12A	New Dimensions	77	384,628	4,995
13A	Carolina International School	320	1,291,180	4,035
16A	Cape Lookout Marine HS	117	575,136	4,916
16B	The Tiller School	176	811,757	4,612
18B	Visions Charter School (prev. Englemann)	70	339,931	4,856
19A	Chatham Charter	276	1,238,803	4,488
19B	The Woods Charter Sch.	198	892,301	4,507
20A	Learning Center	78	515,328	6,607
26B	Alpha Academy	94	381,950	4,063
32A	Maureen Joy	230	1,042,324	4,532
32B	Healthy Start Academy	303	1,316,000	4,343
32C	Carter Community	104	488,848	4,700
32D	Kestrel Heights School	160	772,623	4,829
32G	Omuteko Gwamaziima	90	424,686	4,719
32H	Research Triangle Charter Academy	676	2,955,805	4,372
32J	Ann Atwater	89	410,419	4,611
32K	Central Park School for Children	154	676,759	4,395
34B	Quality Education Academy	182	794,739	4,367
34C	Downtown Middle School	334	1,559,654	4,670
34D	Carter G. Woodson	348	1,541,633	4,430
34E	East Winston Primary	71	314,273	4,426
34F	Forsyth Academy	558	2,414,406	4,327

Note: Funding as of November 2nd, 2004.

Funded ADM and Projected State Funding

FY2004-05

CS #	Charter School Name	Funded ADM	FY 04/05 Projected State Funding	Funding Per ADM
34G	Arts-Based Elementary	221	$ 1,019,516	$ 4,613
35A	A Child's Garden	216	1,095,032	5,070
36A	Highland Kindergarten	118	557,673	4,726
36B	Piedmont Community	546	2,307,998	4,227
41A	Imani Institute	139	600,192	4,318
41B	Greensboro Charter Academy	724	3,066,576	4,236
41C	Guilford Preparatory Academy (Guilford Charter School)	274	1,156,540	4,221
41D	Phoenix Academy	324	1,364,654	4,212
45A	The Mountain Community School	159	744,017	4,679
49A	American Renaissance	304	1,282,625	4,219
49B	American Renaissance Middle School	176	777,847	4,420
49D	Success Institute	92	461,446	5,016
50A	Summit Charter	178	830,291	4,665
53A	Provisions Academy	65	321,489	4,946
54A	Children's Village Academy	103	562,815	5,464
54B	Kinston Charter Academy	286	1,291,111	4,514
55A	Lincoln Charter School	514	2,202,096	4,284
60A	Community Charter School	88	399,782	4,543
60B	Sugar Creek Charter School	520	2,286,921	4,398
60C	Kennedy Charter Public	80	396,312	4,954
60D	Lake Norman Charter Sch.	629	2,600,235	4,134
60F	Metrolina Regional Scholars' Academy	132	536,109	4,061
60G	Queen's Grant	612	2,550,794	4,168
60H	Crossroads Charter High	214	930,690	4,349
60I	Children's Community School	296	1,252,181	4,230
63A	The Academy of Moore County	56	270,584	4,832
63B	STARS	145	628,476	4,334
64A	Rocky Mount Charter Public School	897	4,091,862	4,562
65A	Cape Fear Center for Inquiry	328	1,523,141	4,644
66A	Gaston College Preparatory	257	1,370,419	5,332
68A	Orange Charter School	180	843,074	4,684
68N	PACE Academy	73	335,728	4,599
69A	Arapahoe Charter School	343	2,086,181	6,082

Note: Funding as of November 2nd, 2004.

Funded ADM and Projected State Funding

FY2004-05

CS #	Charter School Name	Funded ADM	FY 04/05 Projected State Funding	Funding Per ADM
73A	Bethel Hill	318	$ 1,361,150	$ 4,280
78A	CIS Academy	111	540,593	4,870
79A	Bethany Community Middle School	104	507,787	4,883
80A	Rowan Academy Charter School	60	239,102	3,985
81A	Thomas Jefferson Classical Academy	365	1,633,576	4,476
83A	Laurinburg Charter School	78	358,420	4,595
83B	The Laurinburg Homework Center	92	422,752	4,595
84B	Gray Stone Day School	200	851,196	4,256
86A	Millennium Charter Academy	232	1,028,651	4,434
87A	Mountain Discovery	118	701,527	5,945
88A	Brevard Academy	195	976,906	5,010
90A	Union Academy	595	2,544,842	4,277
91A	Vance Charter School	340	1,526,362	4,489
92B	Exploris Middle School	181	784,521	4,334
92C	John Baker HS	51	306,012	6,000
92D	Magellan Charter	328	1,368,456	4,172
92E	Sterling Montessori	491	2,055,063	4,185
92F	Franklin Academy	869	3,548,355	4,083
92G	East Wake Academy	618	2,578,268	4,172
92I	SPARC Academy	201	837,346	4,166
92K	Raleigh Charter High School	496	2,067,044	4,167
92L	Torchlight Academy	143	620,845	4,342
92M	PreEminent Charter School	553	2,354,908	4,258
92N	Quest Academy	126	527,082	4,183
92P	Community Partners Charter High	111	558,990	5,036
92Q	Hope Elementary School	106	466,594	4,402
92R	Casa Esperanza	191	831,502	4,353
93A	Haliwa-Saponi Tribal	149	776,413	5,211
96C	Dillard Academy	83	439,029	5,290
97D	Bridges	150	752,136	5,014
98A	Sallie B. Howard School	657	3,051,499	4,645
	TOTALS	**24,784**	**$ 110,888,050**	**$ 4,474**

Note: Funding as of November 2nd, 2004.

Attachment 3

Local Education Agencies Ranked Highest to Lowest Based on Allotment per ADM (Including Discretionary Reduction), FY 2004-05

LEA No.	LEA	Initial Allotment	Allotted ADM	$/ADM
890	Tyrrell County	$ 5,733,793	646	$ 8,876
480	Hyde County	$ 5,740,724	651	$ 8,818
520	Jones County	$ 9,220,567	1,373	$ 6,716
380	Graham County	$ 7,866,556	1,229	$ 6,401
220	Clay County	$ 8,243,120	1,317	$ 6,259
940	Washington County	$ 12,974,357	2,121	$ 6,117
690	Pamlico County	$ 10,160,531	1,668	$ 6,091
030	Alleghany County	$ 9,382,362	1,544	$ 6,077
370	Gates County	$ 11,843,786	1,950	$ 6,074
720	Perquimans County	$ 10,284,984	1,711	$ 6,011
870	Swain County	$ 10,676,409	1,804	$ 5,918
210	Chowan County	$ 13,691,880	2,431	$ 5,632
610	Mitchell County	$ 12,844,804	2,301	$ 5,582
060	Avery County	$ 12,987,376	2,330	$ 5,574
150	Camden County	$ 9,967,456	1,790	$ 5,568
422	Weldon City	$ 5,871,051	1,058	$ 5,549
170	Caswell County	$ 18,540,623	3,349	$ 5,536
080	Bertie County	$ 18,315,582	3,348	$ 5,471
660	Northampton County	$ 17,363,945	3,175	$ 5,469
400	Greene County	$ 17,074,579	3,170	$ 5,386
995	Yancey County	$ 13,879,681	2,578	$ 5,384
750	Polk County	$ 13,191,027	2,471	$ 5,338
050	Ashe County	$ 17,018,405	3,223	$ 5,280
200	Cherokee County	$ 19,270,991	3,669	$ 5,252
570	Madison County	$ 13,964,060	2,659	$ 5,252
930	Warren County	$ 16,191,308	3,084	$ 5,250
460	Hertford County	$ 18,486,622	3,534	$ 5,231
861	Elkin City	$ 6,449,178	1,239	$ 5,205
420	Halifax County	$ 26,211,042	5,133	$ 5,106
240	Columbus County	$ 34,558,355	6,905	$ 5,005
580	Martin County	$ 22,071,583	4,443	$ 4,968
830	Scotland County	$ 33,577,813	6,802	$ 4,936
090	Bladen County	$ 28,168,996	5,753	$ 4,896
862	Mount Airy City	$ 8,912,950	1,829	$ 4,873
040	Anson County	$ 21,279,194	4,369	$ 4,870
241	Whiteville City	$ 13,417,940	2,757	$ 4,867
292	Thomasville City	$ 12,240,715	2,538	$ 4,823
821	Clinton City	$ 13,797,136	2,868	$ 4,811
620	Montgomery County	$ 21,625,287	4,513	$ 4,792
421	Roanoke Rapids City	$ 14,288,822	2,994	$ 4,772
770	Richmond County	$ 39,271,938	8,276	$ 4,745
291	Lexington City	$ 14,498,204	3,067	$ 4,727
850	Stokes County	$ 34,522,967	7,306	$ 4,725
540	Lenoir County	$ 46,424,783	9,863	$ 4,707
950	Watauga County	$ 21,427,683	4,554	$ 4,705

780	Robeson County	$	114,073,023	24,427	$ 4,670
182	Newton-Conover City	$	13,176,717	2,825	$ 4,664
500	Jackson County	$	16,997,055	3,652	$ 4,654
560	Macon County	$	19,514,866	4,195	$ 4,652
070	Beaufort County	$	33,630,027	7,238	$ 4,646
230	Cleveland County	$	79,726,670	17,217	$ 4,631
790	Rockingham County	$	67,768,188	14,637	$ 4,630
310	Duplin County	$	41,389,249	8,943	$ 4,628
910	Vance County	$	37,450,042	8,095	$ 4,626
181	Hickory City	$	20,428,322	4,422	$ 4,620
111	Asheville City	$	17,964,342	3,892	$ 4,616
840	Stanly County	$	44,670,547	9,707	$ 4,602
700	Pasquotank County	$	27,452,205	5,976	$ 4,594
820	Sampson County	$	38,930,871	8,481	$ 4,590
810	Rutherford County	$	45,789,486	10,017	$ 4,571
330	Edgecombe County	$	34,694,196	7,615	$ 4,556
440	Haywood County	$	35,921,209	7,885	$ 4,556
590	McDowell County	$	29,696,647	6,556	$ 4,530
960	Wayne County	$	87,182,399	19,287	$ 4,520
970	Wilkes County	$	45,638,236	10,135	$ 4,503
160	Carteret County	$	36,963,500	8,209	$ 4,503
270	Currituck County	$	18,546,610	4,133	$ 4,487
470	Hoke County	$	31,260,713	6,977	$ 4,481
640	Nash-Rocky Mount	$	82,037,075	18,317	$ 4,479
761	Asheboro City	$	20,536,603	4,594	$ 4,470
860	Surry County	$	39,472,727	8,841	$ 4,465
880	Transylvania County	$	17,163,357	3,846	$ 4,463
990	Yadkin County	$	27,243,479	6,149	$ 4,431
280	Dare County	$	21,958,833	4,974	$ 4,415
430	Harnett County	$	75,329,753	17,078	$ 4,411
140	Caldwell County	$	57,424,368	13,026	$ 4,408
120	Burke County	$	64,109,854	14,566	$ 4,401
740	Pitt County	$	96,472,600	21,990	$ 4,387
320	Durham Public	$	135,011,680	30,790	$ 4,385
680	Orange County	$	29,805,486	6,811	$ 4,376
390	Granville County	$	38,054,923	8,700	$ 4,374
250	Craven County	$	63,884,320	14,612	$ 4,372
980	Wilson County	$	54,789,573	12,552	$ 4,365
450	Henderson County	$	55,400,045	12,701	$ 4,362
681	Chapel Hill-Carrboro	$	47,171,377	10,824	$ 4,358
530	Lee County	$	40,359,040	9,262	$ 4,357
710	Pender County	$	31,717,250	7,283	$ 4,355
630	Moore County	$	52,141,785	12,037	$ 4,332
730	Person County	$	25,320,778	5,847	$ 4,331
260	Cumberland County	$	226,428,508	52,370	$ 4,324
190	Chatham County	$	32,329,326	7,493	$ 4,315
132	Kannapolis City	$	20,090,079	4,658	$ 4,313
800	Rowan-Salisbury	$	89,371,620	20,779	$ 4,301
020	Alexander County	$	24,789,690	5,771	$ 4,296
100	Brunswick County	$	47,815,328	11,135	$ 4,294
550	Lincoln County	$	50,034,178	11,666	$ 4,289
350	Franklin County	$	34,214,886	7,989	$ 4,283

110	Buncombe County	$	108,595,934	25,434	$	4,270
670	Onslow County	$	95,875,332	22,580	$	4,246
340	Forsyth County	$	208,123,615	49,035	$	4,244
300	Davie County	$	27,014,793	6,399	$	4,222
510	Johnston County	$	115,763,848	27,478	$	4,213
410	Guilford County	$	285,492,108	68,184	$	4,187
760	Randolph County	$	76,978,689	18,478	$	4,166
010	Alamance County	$	90,295,346	21,708	$	4,160
490	Iredell County	$	82,621,080	19,878	$	4,156
180	Catawba County	$	71,487,688	17,208	$	4,154
360	Gaston County	$	131,368,513	32,069	$	4,096
290	Davidson County	$	80,665,439	19,773	$	4,080
491	Mooresville City	$	18,774,953	4,609	$	4,074
650	New Hanover County	$	96,552,207	23,958	$	4,030
130	Cabarrus County	$	93,308,141	23,346	$	3,997
600	Mecklenburg County	$	488,732,734	122,976	$	3,974
920	Wake County	$	469,985,666	119,396	$	3,936
900	Union County	$	115,363,806	30,409	$	3,794
	TOTAL	$	5,949,874,698	1,369,493	$	4,868

Note: Allotted ADM includes charter school students.
Initial Allotment amount does not include reductions for charter schools.

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 3/16/05 8:30 a.m.
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Michael Houser	NCAE
Marla Fleming	University
Hal Miller	NCACCT
Nina Yeargin	NCASA
Rick Davis	NCASA
Melissa J. Porter	NCASA
Jammy R. Tisdale	NC Assoc. of School Adm.
George E. Noonan	Nash-Rocky Mount Schools
Donna Johnson	Asheboro County Schools
Stephen Lewis	Wilkes County Schools
Heather Wright	NC Principal Fellows

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 3/16/05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kim Short	NC Principal Fellows
Brian Donnelly	University Instructors
Jeanette F. Hedrick	Cherokee County Schools-Murphy
Sue Nations	Jackson County Schools - Superintendent
Robert Byrd	WRESA (Western Region Educ. Service Alliance)
Mark Lanier	UNC Wilmington
Rick Freeman	North Lincoln High
Celaine Jenkins	Lincoln Co Schools
Jim B Watts	LINCOLN CO. SCHOOLS
Glenda Walker	Lincoln Co. Schools
Steve Zimbroom	Lincoln Co. Schools

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 3-16-05 8:30 am

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	The Mailman Co
Bill Miller	Polk County Schools
STEPHEN L. PAGE	HENDERSON COUNTY PUBLIC SCHS.
Lydia Prude	DPI
Karen Peng	DPI
Jack Mayer	Office of Charter Schools, Director
[illegible]	SBE/DPI
Elizabeth [illegible]	OSBM
Anne Bander	OSBM
Molly Ryan	NCSBA
Hilary Arthur	NCASA

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 3-16-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joel Maynard	CMS
[signature]	WCPSS
[signature]	NCLCA
[signature]	NCASA - Watauga County
[signature]	VIF Program
[signature]	Principal Fellows Program - ECU
Bruce Snyder	Principal Robbinsville Middle School
Tony Baldwin	Buncombe County
Dawn Gooding	NCASA - Guilford Co.
Shelia Lea	Guilford - Principal Fellow/NCASA
[signature]	NCASA - Guilford Co.

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 3-16-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim McCormick	Lee County Schools

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 3-16-05 8:30a.m.

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ruth Shirley	Avery County Schools Newland, NC 28657
Kim Davis	Avery County Schools- Newland 28657

House Pages

Name of Committee: JOINT APPROPRIATIONS ON EDUCATION Date: 3/16/05

1. Name: Rebecca Todd
   County: Wilson
   Sponsor: Rep. Joe Tarver - Butterfield
2. Name: Beth Cottle
   County: New Hanover
   Sponsor: Rep. Tom Wright
3. Name: Karen Mitchell
   County: Wilson
   Sponsor: Rep. Farmer - Butterfield
4. Name: Robin Ann Driver
   County: Nash
   Sponsor: Sen. Lee

   5. name: Clara Hart
   County: Nash
   Sponsor: Sen. Atwell

Sgt-At-Arms

1. Name: Brad Barfoot - House
2. Name: Charles Williams - House
3. Name: Wade Anders - Senate
4. Name: Stan Johnson - Senate

Joint Appropriations Subcommittee on Education
Agenda
Wednesday, March 16, 2005, 2:00 P.M.
Room 421, Legislative Office Building
Representative Jeffus, Presiding

I. Welcome

Representative Jeffus

II. NCWISE

Philip Price, *Department of Public Instruction*

III. Committee Questions

IV. DPI Agency Overview

Philip Price, *Department of Public Instruction*

V. Committee Questions

VIII. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

Minutes

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

March 16, 2005
2:00 P.M.

The House Appropriations Subcommittee on Education met on Wednesday, March 16, 2005, in room 421 of the Legislative Office Building at 2:00 P.M.

Seven Senators were in attendance. The following Representatives were present: Jeffus, Tolson, and Yongue, Chairs; and Johnson, Preston, Rapp, Vice-Chairs; Cleveland, Fisher, Parmon, Pate, and Sauls, members. Mr. Adam Levinson, Mr. Richard Bostick and Ms. Kristine Leggett, Education Fiscal Research Division, were present.

Representative Tolson called the meeting to order and announced that Representative Jeffus would be coming to the meeting shortly but asked him to chair until she arrived.

Senator Swindell was recognized to introduce and welcome some school superintendents and others from his district.

Representative Tolson introduced Dr. Philip Price to present an overview of NC WISE (Attachment 1). It is a way to collect information on tests scores and other data on students. It is a replacement of the student management system. It does the report cards, generating the progress reports for the marking period, all the achievements data, responsible for electronic transcripts, permanent records, tracking the attendance and much more. It is a large operation collecting large amounts of data that they use to report to the legislature and to analysis and better implement programs that will benefit the schools. Dr. Price continued with the cost of the program and how it receives the funds to operate. NC WISE servers are protected from Cyber attacks by using redundant firewalls.

There were several questions and Dr. Price answered. Representative Rapp requested a list of the schools in the first phase of Wave 1 deployment. He was assured that it would be forwarded to him.

Chair Jeffus requested Dr. Price to continue with the next section on **North Carolina Department of Public Instruction Agency Funding Overview** (Attachment 2). He pointed out the decrease in the number of employees in the Department. In 1992-93 there were 610 and in 2004-05 there are 323 employees. The Department has changed. In 1993, the budget was predominately state funded but over the period of time, the Federal Government has increased funding significantly for

NO CHILD LEFT BEHIND. Dr. Price continued with the overview of the handout. Dr. Price answered the questions following his comments on the handout.

The Sergeant-at-Arms list, Page list and handouts are attached and made a part of the minutes.

Chair Jeffus announced that the Committee will meet tomorrow at 8:30 A.M. and adjourned the meeting at 3:00 p.m.

Respectively submitted,

Rep. Maggie Jeffus
Representative Margaret (Maggie) M. Jeffus
Presiding Chair

Mary Lee Robinson
Mary Lee Robinson
Committee Assistant

Attachment 1
2 P.M, 3-16-05

NC WISE Funding Update

- What is NC WISE?
- Status of Project
- Funding History
- Anticipated Future Cost
- Impact on Local School Systems and Charter Schools

March 16, 2005

Philip Price, Associate Superintendent for Financial and Business Services
North Carolina Department of Public Instruction

• FOR NORTH CAROLINA LEGISLATORS

1. What is NC WISE?

The **North Carolina Window of Information on Student Education (NC WISE)** project represents a major step forward in the state's capabilities to collect data on students attending North Carolina public schools. This Web-based system provides student and school information management capabilities and captures a wide range of data about students throughout their careers in North Carolina public schools. NC WISE offers unprecedented opportunities for local educators to use technology to help them make better instructional and business decisions in their schools.

NC WISE is an electronic student accounting system that is based on the Electronic Student Information System (eSIS), an Internet-based software package that provides student and school information management capabilities. Data are stored centrally and accessed and reported in a safe, secure manner across the Internet. NC WISE supports the data analysis and reporting requirements of education initiatives such as the North Carolina's ABCs of Public Education accountability program, the Uniform Education Reporting System (UERS), Closing the Achievement Gap and the various programs and requirements of the No Child Left Behind Act.

2. What is the statewide roll-out schedule for NC WISE?

NC WISE is being deployed in three phases, or waves. The roll-out of NC WISE began October 2004 with Wave 1, and will conclude at the end of Wave 3 in 2007.

- ☐ During Wave 1 deployment, 35 school districts and 23 charter schools or 601 schools are being converted.
- ☐ During Wave 2 deployment, approximately 39 school districts and 46 charter schools, or more than 700 schools, will be converted.
- ☐ During Wave 3, approximately 35 school districts and 31 charter schools, or approximately 400 schools, will be converted.

When complete, NC WISE will operate in all of North Carolina's 115 school districts and 100 charter schools.

3. How does NC WISE support and enhance teaching and learning?

NC WISE offers administrators and educators unprecedented opportunities to enhance their instructional capabilities through real-time access to student demographic, academic and attendance data. Using the electronic gradebook, teachers can monitor and evaluate their students' performances to determine how well they are doing in all classes overall. This gives teachers the information they need to tailor instruction to meet their students' requirements. The real-time student data available in NC WISE allows guidance counselors to help students make better-informed choices about their future, and streamlines the application process for students applying to post-secondary schools. Paperwork for administrators and teachers also is greatly reduced in NC WISE. When a student's record is modified, the changes are reflected throughout the school, significantly reducing the time teachers must spend confirming updates or changes. Because student data are centrally maintained, administrators and educators do not have to wait as long for new student records to be delivered.

4. How are the data from NC WISE used at the local and state levels?

At the district level NC WISE data can be exported into spreadsheets to use in other applications that support the business needs of local districts. Currently at the state level, the NC WISE data are merged with their counterparts from the Student Information Management System (SIMS) to produce a number of UERS reports that generate funds and provide critical information about students and teachers in North Carolina public schools. Agencies receiving the UERS reports include: the Department of Public Instruction (NC DPI), the General Assembly and a number of federal agencies. A few of the reports include: the Principal's Monthly Report (PMR), the School Activity Report (SAR), the Retention/Promotion/Graduation Report (RPG) and the Drop Out Report.

The PMR provides information on the Average Daily Membership (ADM) which is the basis for the majority of state funding from the General Assembly. The SAR provides data on a number of issues including class size information, teacher experience and whether a teacher is teaching in field. The RPG Report was developed in NC WISE to simplify the process for school districts of gathering information and reporting the retention, promotion and graduation rates of students. The Drop Out Report also was developed in NC WISE to assist school districts in gathering and reporting drop out information.

5. How was the contract awarded?

The NC WISE contract was competitively awarded to PricewaterhouseCoopers (PwC) in May 1999. In October 2002, IBM acquired the part of PwC that administered the NC WISE project and assumed responsibilities for the contract work. While the deployment of NC WISE to the school districts will finish in 2007, the contract with IBM will continue for another two years and conclude in 2009.

6. Doesn't SIMS produce the same reports?

SIMS can produce some, but not all of the same reports that are available in NC WISE. Also SIMS is a 20-year old software program that is becoming increasingly difficult to maintain and modify. NC DPI support for SIMS will discontinue after 2007.

7. Isn't it more cost efficient for districts to continue to use SIMS?

Using NC WISE offers substantial savings over using SIMS. NC WISE reduces the need for additional development costs because it uses eSIS, a commercial off-the-shelf software solution (COTS). The SIMS application does not include many of the built-in features of NC WISE. For example, there is no teacher grade book function in SIMS. Another example is the savings in manpower costs associated with SIMS. Last year there were 88,380 students who transferred from one school district to another. The gaining school had to spend about an hour manually entering the student information because SIMS information cannot be sent electronically between schools. At a salary of $10 hour per student, this cost was $883,800. With NC WISE, the student data can be electronically transferred to any NC WISE school in the state in minutes.

8. What is the total estimated cost of NC WISE and what are the components that make up the total cost of NC WISE?

As of January 31, 2005 the implementation cost of NC WISE is allocated to the following three organizational components in the following amounts.

Department of Public Instruction (NC DPI)	$204,480,454[1]
Upgrades in local school districts	$ 40,612,729[2]
Upgrades in charter schools	$ 5,768,283[2]
Total	$250,861,466

1 This cost includes all contract and DPI internal costs.

2 This is the cost to achieve optimal system performance and provide sufficient data capacity levels to run NC WISE. This is only a statement of the cost, a portion of which will be paid for from current state, federal, and local resources.

9. What is a way to compare or understand the cost of NC WISE?

While the simple ticket price of NC WISE runs into the millions of dollars, the cost per student over the 10-year period (2000-2010) averages $17 per student, per year. This annual cost per student includes student services such as: generating report cards for 1.4 million students per year, generating progress reports each marking period, storing all test and achievement data, generating electronic transcripts for admission to post secondary opportunities, tracking attendance, maintaining electronic permanent records and generating information for state and federal reporting requirements.

10. Who is paying for NC WISE?

The funding for NC WISE comes from different sources. At the DPI level, the funds are provided by the North Carolina General Assembly in the Uniform Education Reporting System appropriation. At the local school district level there are several additional potential funding sources, including:

- ☐ State funds appropriated specifically for school technology;
- ☐ Federal e-rate funds;
- ☐ Local school funds; and
- ☐ Funds allocated by county boards of commissioners.

11. Once NC WISE is fully functional in a school district will there be a cost benefit?

There will be definite cost benefits to using NC WISE. Most of these are the results of time savings from eliminating tasks or reducing the time to do a task. For example the SIMS data backup is one of the most time-consuming data tasks done in the schools. With NC WISE the student data backup is done centrally for all schools. Examples of other tasks requiring less time to complete include: printing of Student Progress Reports and Report Cards and the creation and approval of UERS reports.

12. What are some other benefits school districts will see once NC WISE is fully implemented?

NC WISE's biggest benefit is the ability to redefine school business processes. This results in a more efficient utilization of users' (i.e., teachers, central office staff and administrators) time. Additionally, students benefit by having key information available to help support their educational opportunities.

The following are examples of the redefined school business process:

- **Availability of medical information**—Appropriate users have online, real time access to medical information. Each student's teacher has an indicator on the student's main screen noting special medical conditions of which they should be aware. The school nurse can check immunizations and track daily medications. All of this can help school administrators and educators respond quickly to emergency situations on or away from campus.
- **Availability of guidance information**—The guidance counselor discusses performance with parents or reviews graduation goals with the students. The counselor has real time access to current student grades and standardized test results. Additionally, the counselor can create the list of courses the student needs to complete for graduation and print the information at the counselor's desktop.
- **Information for principals**—The principal has online, real time access to academic information and also attendance, demographic, health and disciplinary history. This facilitates discussions with the student's parents or guardians.
- **Academic eligibility**—No longer must coaches manually canvas teachers to get an athlete's grades. Coaches and others involved in extracurricular activities can have online, real time access to appropriate student information for students involved in their activities.
- **Transcript processing**—The electronic data interchange feature allows NC WISE school districts and schools within those districts to transfer students records with the speed of an email. In addition, it allows the most current transcript information to be sent electronically to North Carolina post-secondary schools.

13. How is security maintained in NC WISE?

Safe and secure data in NC WISE is a primary concern. By developing security procedures that are enforced by the application, as well as reinforcing the message in training sessions and written policies, educators and administrators receive a consistent message that security must be a priority for everyone. The security and integrity of NC WISE is maintained using the following procedures:

- NC WISE application security is handled via Oracle user names and passwords. A school district's or charter school's NC WISE administrator assigns user names and initial passwords. Subsequently the users pick their own passwords. The user role determines the level of access a user has to NC WISE data and is provided on a "need to know" basis. Accounts are disabled by the LEA or school as soon as an employee no longer needs access to NC WISE data.
- Data are backed up daily and stored off site regularly.
- All Web traffic between the user's desktop and the Web servers is protected by Secure Socket Layer (SSL) encryption. This SSL encryption blocks anyone from intercepting traffic between the users and the Web servers.
- NC WISE servers are protected from Cyber attacks by using redundant firewalls.

14. Can anyone get into the NC WISE database to look up a student?

The access to data inside the NC WISE database is based on user roles. A teacher, for example only has access to data for students in his or her class. A principal is assigned access to all students in his or her school but not at any other school. Student data which is not relevant to a user's role cannot be accessed. All access to NC WISE is via a password protected Web site. These restrictions based on "need to know" roles make student data much more than secure than in a traditional paper records.

15. How is it determined if an LEA or charter school has the proper procedures in place to ensure their networks are safe and the NC WISE data remains secure?

Once a school district or charter school chooses Wave 1, 2 or 3 to implement NC WISE, the school district's or charter school's NC WISE administrator must complete a readiness assessment document. This document addresses a number of minimum standards that a school district or charter school must meet to implement NC WISE. A Security Memorandum of Understanding (MOU) plan is a requirement and is included in the readiness assessment document. School districts or charter schools also must validate that their security plans meet or exceed state guidelines in the following areas:

- ☐ Guidelines for password protection
- ☐ Acceptable Use Policy
- ☐ Remote Access Policy
- ☐ User Awareness Policy

In addition, school districts or charters schools are required to have a business continuity plan in place to address issues of business impact, an incident response plan and a strategy to communicate the security plan to users.

16. Will school districts have to upgrade networks for NC WISE?

The initial NC WISE implementation has shown that districts learn to manage their networks better by initiating new network policies and obtaining additional network infrastructure. For example, districts assign priorities to different types of network traffic or limit access to select Web sites. Districts also may increase various network links between the schools or central office and the central NC WISE site. In addition some districts have procured equipment or software, or changed business processes to protect access to and manage the content of network traffic.

Other items or policies that school districts may need to consider when upgrading their networks include:

- ☐ Virus protection software that is up-to-date and active on all computers.
- ☐ Workstations that should be physically observed for the presence of "key stroke memory plugs."
- ☐ Programs to prevent the installation and modification of software.
- ☐ A policy restricting teachers from using non-shared computing equipment.
- ☐ Adding a layer of access control to the ID and password method to implement tighter control of school computers that can access the NC WISE system through the Internet protocol (this can be accomplished through a token or smart card).
- ☐ Technology that allows the blocking of access, via content filters, to the NC WISE Web sites from labs and media centers or "unapproved outside of school" Web sites.

Finally, all districts are encouraged to provide educational and training opportunities to the technical personnel responsible for network operations.

17. What other security policies are communicated to NC WISE users?

The NC WISE team stresses in training sessions as well as NC WISE security manuals that its users adopt simple, but effective procedures to maintain the security and integrity of NC WISE. Some of the procedures include:

- ☐ Don't share or write down your password.
- ☐ Do not share the same password for any other application.
- ☐ Passwords must be at least eight characters and include at least two non-alpha characters.
- ☐ Never put a password or personal information into an email.
- ☐ Users should keep a password protected screensaver on their personal computer.
- ☐ Users who access NC WISE from home should treat their home computers like their work computers and keep their operating systems and virus updates current and maintain a firewall in order to protect it.

18. Where can I get more information about NC WISE?

Visit the NC WISE Web site at www.ncwise.org for information on training and support, software updates and a library with documents that assist users in operating software, provide troubleshooting support and information on student data related initiatives. Email questions to ncwise@dpi.state.nc.us.

19. Acronyms Associated with Legislative FAQs

Listed below are acronyms and terms and corresponding definitions that are used throughout the Legislative FAQs.

ABCs of Public Education: The ABCs of Public Education Accountability Program is North Carolina's comprehensive plan to improve public schools that is based on three goals: strong local accountability, an emphasis on student mastery of basic skills and as much local control as possible. The ABCs have been in operation in all North Carolina schools since 1997-1998.

ADM: Average Daily Membership. The Average Daily Membership is a calculated number using the data from the Principal's Monthly Report. The ADM represents the average number of students in membership over a period of time, usually a school month. The ADM is calculated once all PMRs are submitted by schools in the State. ADM is used as the basis for many State funding formulas for Local Education Agencies.

Closing the Achievement Gap: Closing the Achievement Gap is a series of federal, state and local initiatives designed to improve academic achievement for minority and at-risk students.

COTS: Commercial Off the Shelf. Hardware and software that can be purchased and put in service without additional development costs.

eSIS: Electronic Student Information System. eSIS is a centralized web-based student information system that allows LEA personnel to collect, manage and report on a vast amount of critical student information.

NC WISE: North Carolina Window of Information on Student Education. NC WISE is a tool for managing student information. It is a Web-based, centrally-maintained system for capturing, accessing and reporting on a full spectrum of student information.

NCLB: No Child Left Behind. NCLB is the most sweeping reform of the Elementary and Secondary Education Act (ESEA) since ESEA was enacted in 1965. It redefines the federal role in K-12 education and will help close the achievement gap between disadvantaged and minority students and their peers. It is based on four basic principles: stronger accountability for results, increased flexibility and local control, expanded options for parents, and an emphasis on proven teaching methods.

PMR: Principal's Monthly Report. The Principal's Monthly Report (PMR) contains enrollment, membership and attendance information. This report falls under the umbrella of UERS and is transferred regularly to NC DPI during the school year.

SAR: School Activity Report. The School Activity Report provides school information as of the end of the second school month on the class activities, course codes, teacher assignments, number and type of students involved in educational activity, meeting frequency, class lengths and size, credits associated with each course, and personnel schedules. This report falls under the umbrella of UERS and is transferred to NC DPI during the third school month.

SIMS: Student Information Management System. The student accounting system used before NC WISE. SIMS has been the system of choice for collecting and maintaining student information in North Carolina public schools for close to 20 years. It is a DOS-based system that depends on old software and hardware that is hard to find and harder to maintain.

UERS: Uniform Education Reporting System. The Uniform Education Reporting System is a system that is mandated by G.S.115C-12 that includes requirements for collecting, processing, and reporting fiscal, personnel, and student data, by means of electronic transfer of data files from local computers to the State Computer Center through the State Communications Network. All local school administrative units were required to comply with the requirements of the Uniform Education Reporting System by the beginning of the 1989-90 school year.

In compliance with federal law, including the provisions of Title IX of the Education Amendments of 1972, NC Public Schools administers all state-operated educational programs, employment activities and admissions without discrimination because of race, religion, national or ethnic origin, color, age, military service, disability, or gender, except where exemption is appropriate and allowed by law.

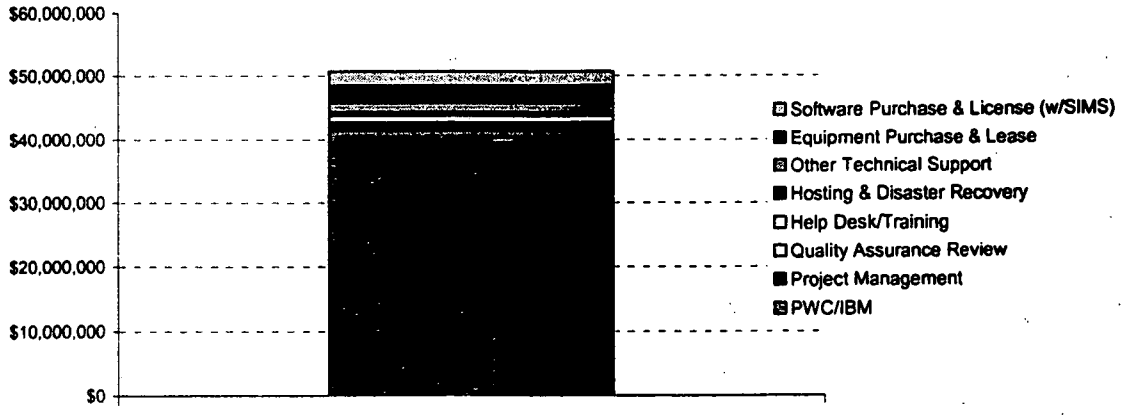
Inquiries or complaints should be directed to:
Dr. Elsie C. Leak, Associate Superintendent :: Office of Curriculum and School Reform Services
6307 Mail Service Center :: Raleigh, NC 27699-6307 :: Telephone 919-807-3761 :: Fax 919-807-3767

Funding History

Uniform Education Reporting System (UERS) Funds for NC WISE

Items	July 1998 - June 2004 (Total Pilot)
PWC/IBM	$41,402,361
Project Management	$999,157
Quality Assurance Review	$288,017
Help Desk/Training	$1,055,002
Hosting & Disaster Recovery	$612,456
Other Technical Support	$1,371,580
Software Purchase & License (w/SIMS)	$2,214,455
Equipment Purchase & Lease	$2,719,970
Total	**$50,662,998**

July 1998 - June 2004 (Total Pilot)

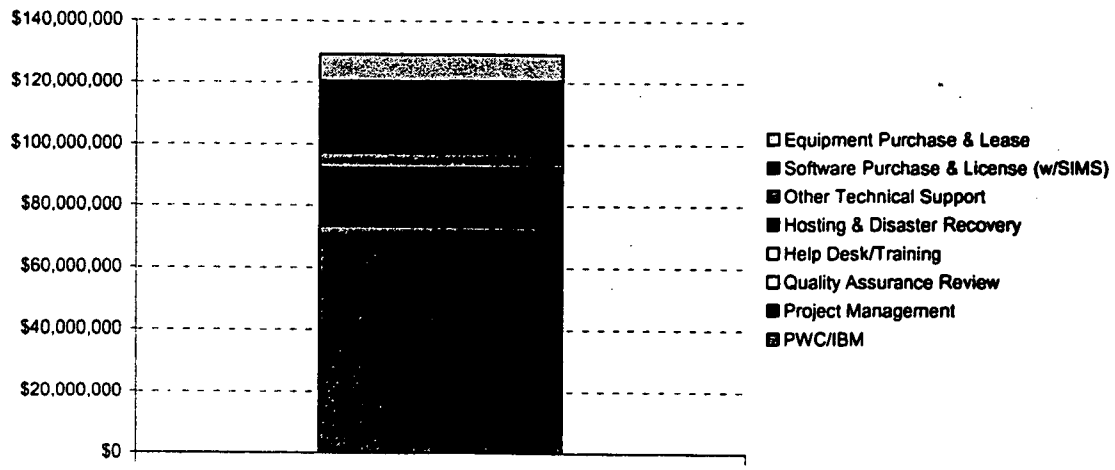


Anticipated Future Cost

Uniform Education Reporting System (UERS) Funds for NC WISE

Items	July 2004 - June 2010 (Total Implementation)
PWC/IBM	$73,222,795
Project Management	$576,603
Quality Assurance Review	$0
Help Desk/Training	$371,000
Hosting & Disaster Recovery	$18,100,167
Other Technical Support	$4,932,817
Software Purchase & License (w/SIMS)	$23,356,203
Equipment Purchase & Lease	$8,767,721
Total	$129,327,306

July 2004 - June 2010 (Total Implementation)



Upgrading LEA/Charter Technology

- What we found with NCWISE
  - Connectivity?
    - If NCWISE is implemented 100% at the classroom level, to upgrade all schools to the appropriate bandwidth would cost an estimated $8.2 million.
      - Approximately 10% to 15% of the bandwidth traffic will be NC WISE related.
    - It is estimated that to upgrade bandwidth at charter schools to the optimum level would cost $510,000.
    - To operate every LEA on the 'State Network' would cost approximately $29 million per year.

Upgrading LEA/Charter Technology

- What we found with NCWISE
  - Equipment?
    - If NCWISE is implemented 100% at the classroom level, to upgrade the needed computers to the optimum level would cost an estimated $23.7 million.
    - It is estimated that to upgrade the computers in charter schools to the optimum level would cost $1.2 million.

Upgrading LEA/Charter Technology

- What we found with NCWISE
  - Personnel?
    - Each LEA will need a Network Technician (charter schools will not need a full-time network technician)
    - Each school will need a data manager (charters included).
    - After considering the personnel already employed, the additional cost for personnel is estimated to be $25.5 million.

State Board Request for Funding

- $3 million (NR)
- The estimated cost to upgrade the connectivity of the 80 school districts eligible for low wealth supplemental funding to the optimum level for NC WISE.

attachment 2.
3-16-05, 2 p.m.

North Carolina Department of Public Instruction
Agency Funding Overview

- Personnel Changes since 1992-93
- Budget Overview
- Selected Line-Item Detail
- Update on Department Reorganization

March 16, 2005

Philip Price, Associate Superintendent for Financial and Business Services
North Carolina Department of Public Instruction

Changes in the DPI's Certified Budget and Position Count 1992-93 through 2004-05
(in thousands)

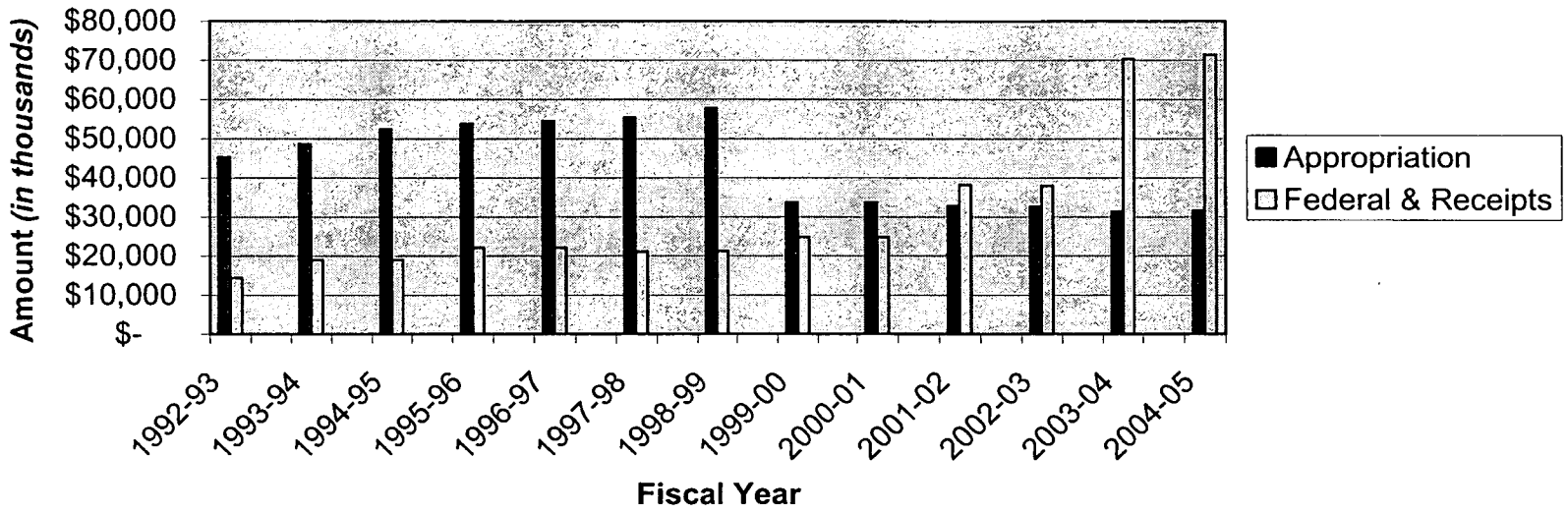
	DPI					
Year	State Budget	State Positions	Federal & Receipts Budget	Federal & Receipt Positions	Total DPI Budget	Total DPI Positions
1992-93	$ 45,272	610.63	$ 14,403	232.37	$ 59,674	843.00
1993-94	$ 48,695	570.90	$ 18,907	232.50	$ 67,602	803.40
1994-95	$ 52,462	568.14	$ 18,907	220.86	$ 71,370	789.00
1995-96	$ 53,799	363.32	$ 22,030	135.18	$ 75,829	498.50
1996-97	$ 54,477	349.21	$ 22,030	147.29	$ 76,508	496.50
1997-98	$ 55,358	349.65	$ 21,007	148.85	$ 76,365	498.50
1998-99	$ 57,779	353.39	$ 21,167	153.11	$ 78,946	506.50
1999-2000	$ 33,676	346.48	$ 24,809	160.27	$ 58,485	506.75
2000-01	$ 33,680	345.10	$ 24,809	163.65	$ 58,488	508.75
2001-02	$ 32,788	326.06	$ 38,085	159.69	$ 70,873	485.75
2002-03	$ 32,616	300.87	$ 37,920	157.88	$ 70,536	458.75
2003-04	$ 31,322	300.64	$ 70,348	180.11	$ 101,669	480.75
2004-05	$ 31,565	323.07	$ 71,356	205.18	$ 102,921	528.25
% Increase (Decrease) From 1993 till 2005	-30%	-47%	395%	-12%	72%	-37%

Additional Responsibilities and Programs Since 1990:

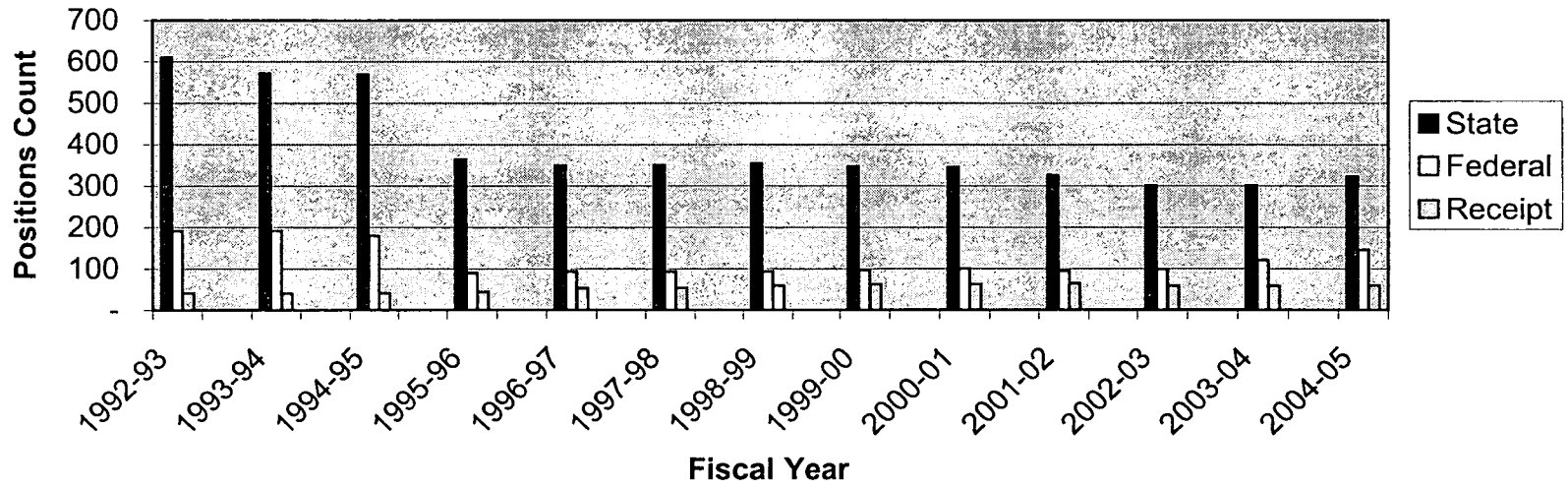
Charter Schools
No Child Left Behind
Leandro Law Suit
Excellent Schools Act
ABCs Accountability Program
Closing the Gap
School Report Card
High School Reform

2004-05 positions are as of 3/14/05

Change in DPI's Budget 1993 - 2005



Change in DPI's Position Count 1993 - 2005



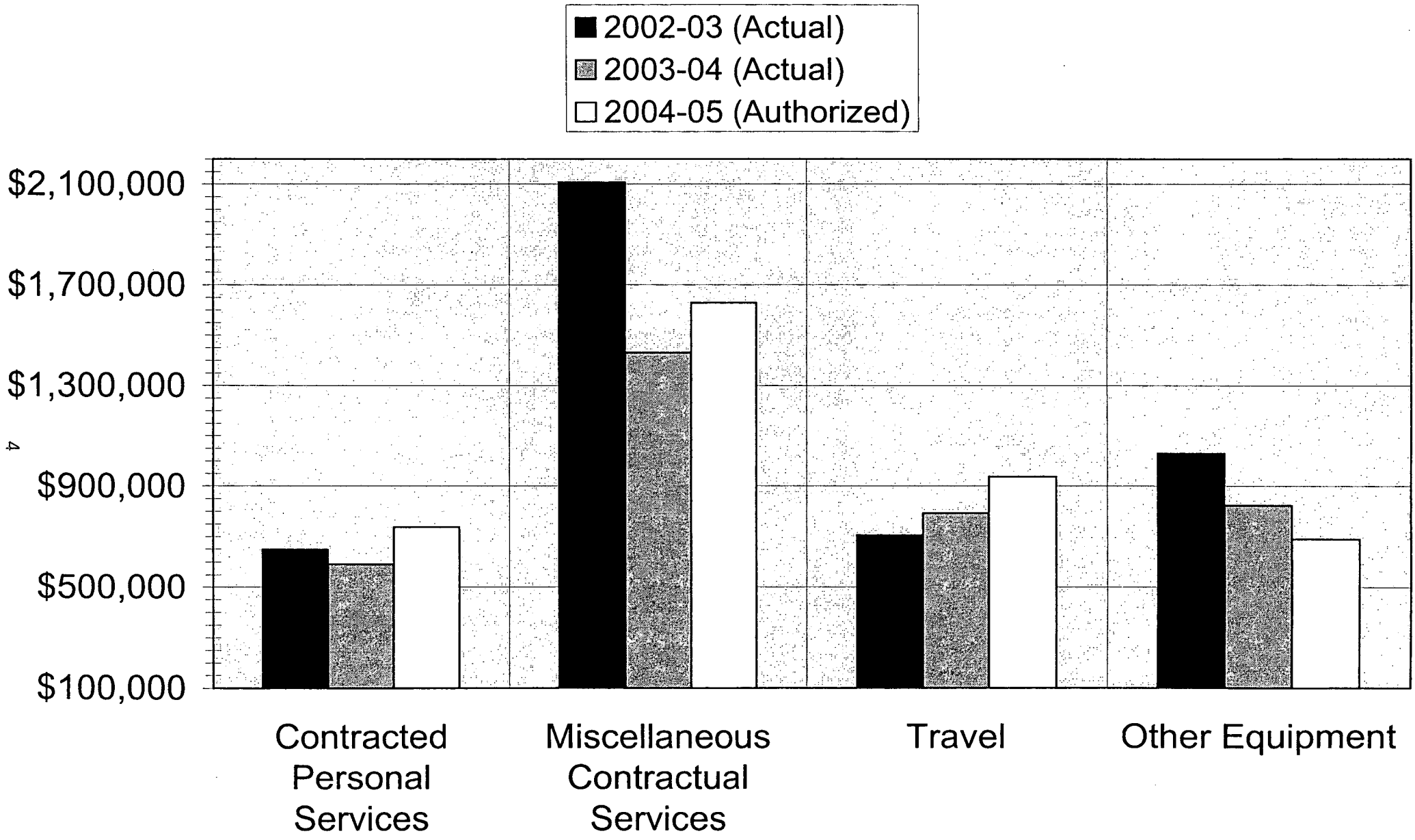
NC Department of Public Instruction (DPI)
Budget and Positions (FTE) by Organizational Area
Budget as of 11/24/04, Positions as of 3/14/05

	STATE				FEDERAL				RECEIPT			
DPI Organizational Area	Budget	% of Total State Budget	FTE	% of Total State FTE	Budget	% of Total Federal Budget	FTE	% of Total Federal FTE	Budget	% of Total Receipt Budget	FTE	% of Total Receipt FTE
Education Management Area	$ 3,498,193	10.24%	36.30	11.24%	$ 438,918	0.63%	1.00	0.69%	$ 1,583,838	14.46%	2.20	3.66%
Leadership Development & Special Services Area	3,982,365	11.65%	22.98	7.11%	22,279,151	31.75%	27.42	18.91%	2,589,733	23.64%	23.60	39.22%
Financial and Business Services Area	6,282,489	18.38%	84.67	26.21%	2,818,326	4.02%	24.70	17.03%	1,996,770	18.23%	31.38	52.14%
Accountability & Technology Services Area	13,785,833	40.34%	116.52	36.07%	14,983,717	21.36%	16.48	11.36%	1,853,024	16.91%	2.00	3.32%
Curriculum & School Reform Services Area	6,625,462	19.39%	62.59	19.37%	29,642,235	42.25%	75.41	52.00%	2,931,923	26.76%	1.00	1.66%
Total for Department	**$ 34,174,342**	**100%**	**323.06**	**100%**	**$ 70,162,347**	**100%**	**145.01**	**100%**	**$ 10,955,288**	**100%**	**60.18**	**100%**

	DPI TOTAL			
DPI Organizational Area	Budget	% of Total Budget	FTE	% of Total FTE
Education Management Area	$ 5,520,949	4.79%	39.50	7.48%
Leadership Devel. & Special Svcs. Area	28,851,249	25.02%	74.00	14.01%
Financial and Business Services Area	11,097,585	9.63%	140.75	26.64%
Accountability & Technology Services Area	30,622,574	26.56%	135.00	25.56%
Curriculum & School Reform Services Area	39,199,620	34.00%	139.00	26.31%
Total for Department	**$ 115,291,977**	**100%**	**528.25**	**100%**

Department of Public Instruction

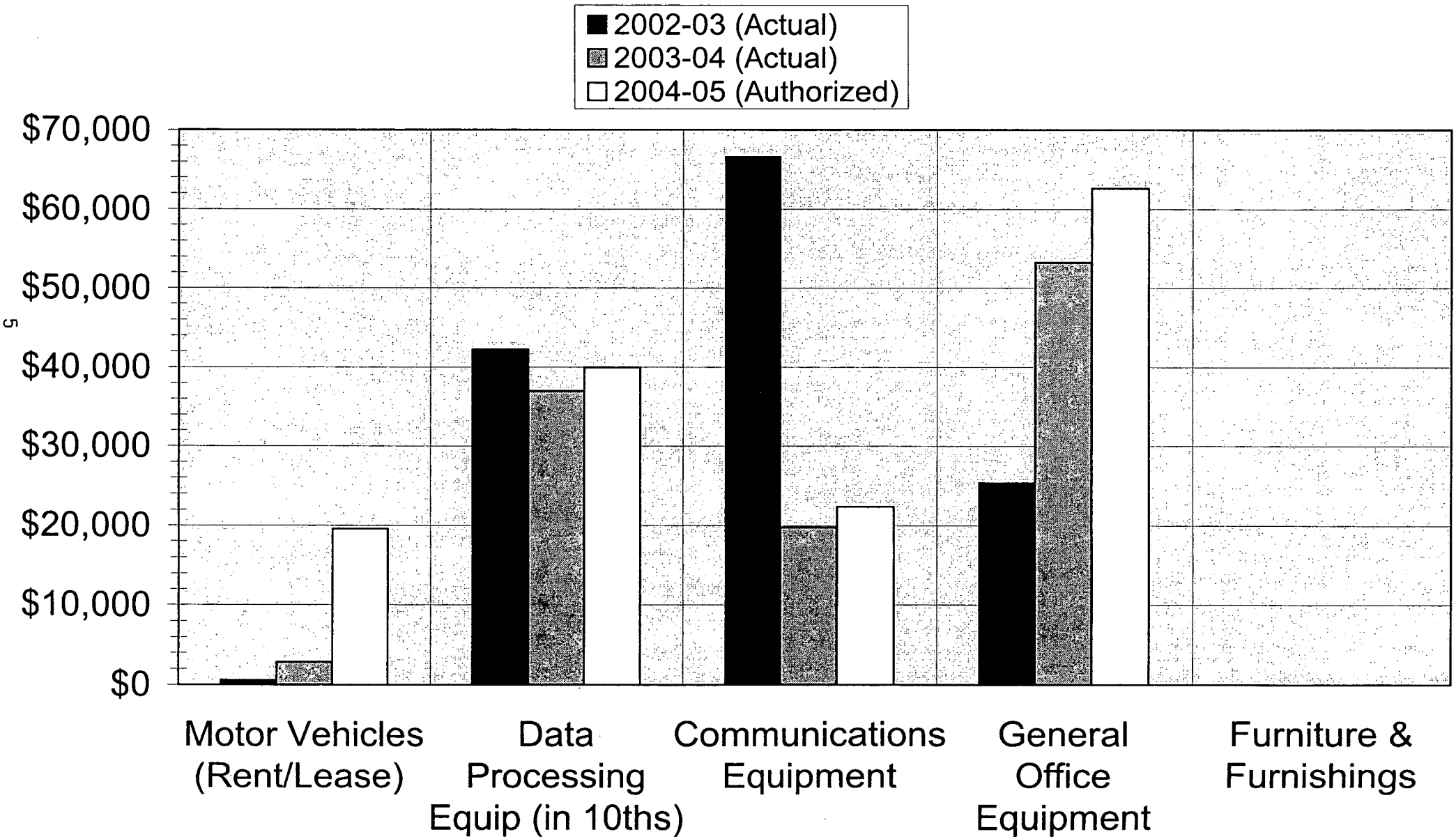
Comparison of Actual and Authorized Expenditures



Department of Public Instruction

Comparison of Actual and Authorized Expenditures

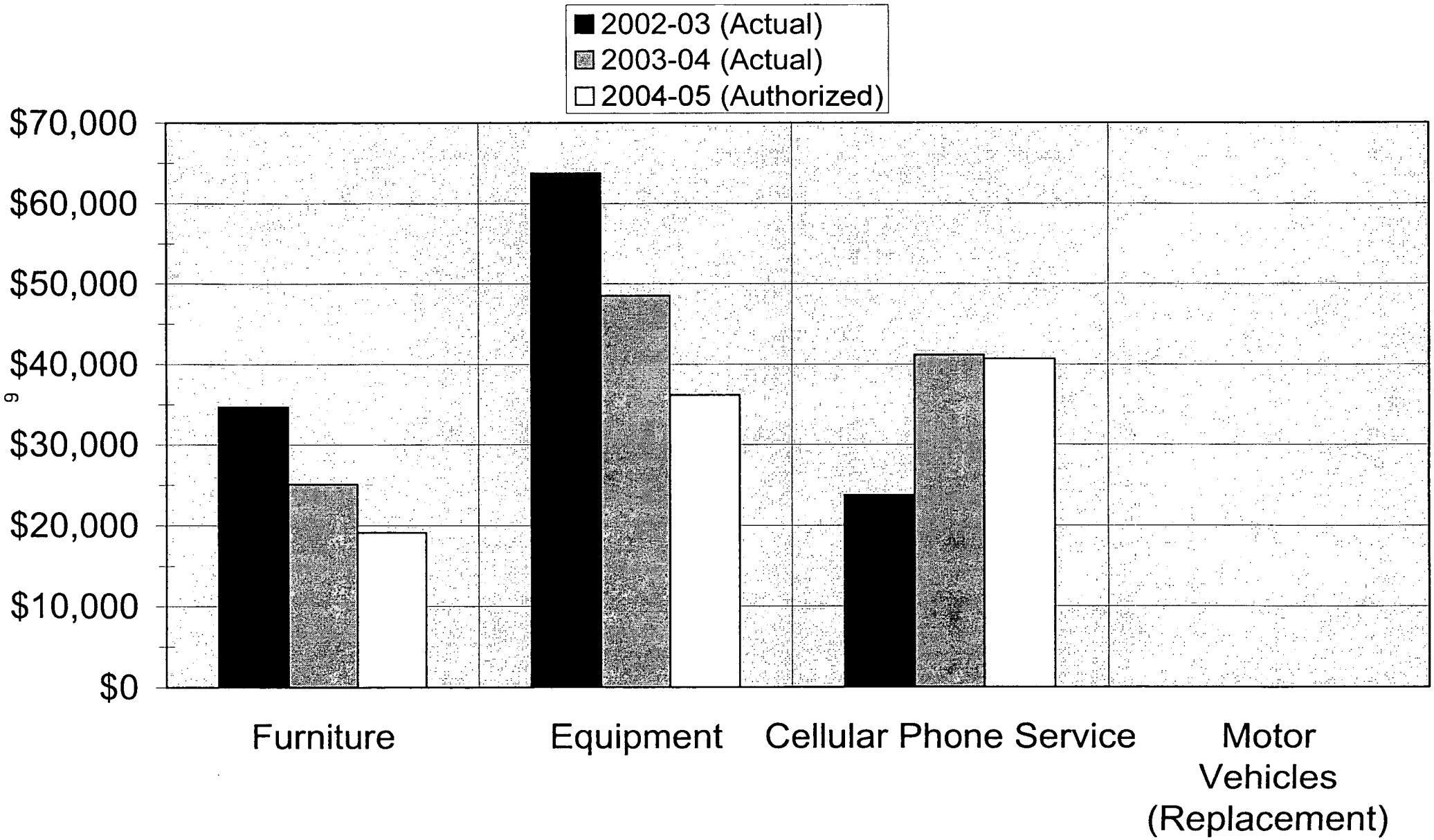
Equipment Rental/Lease



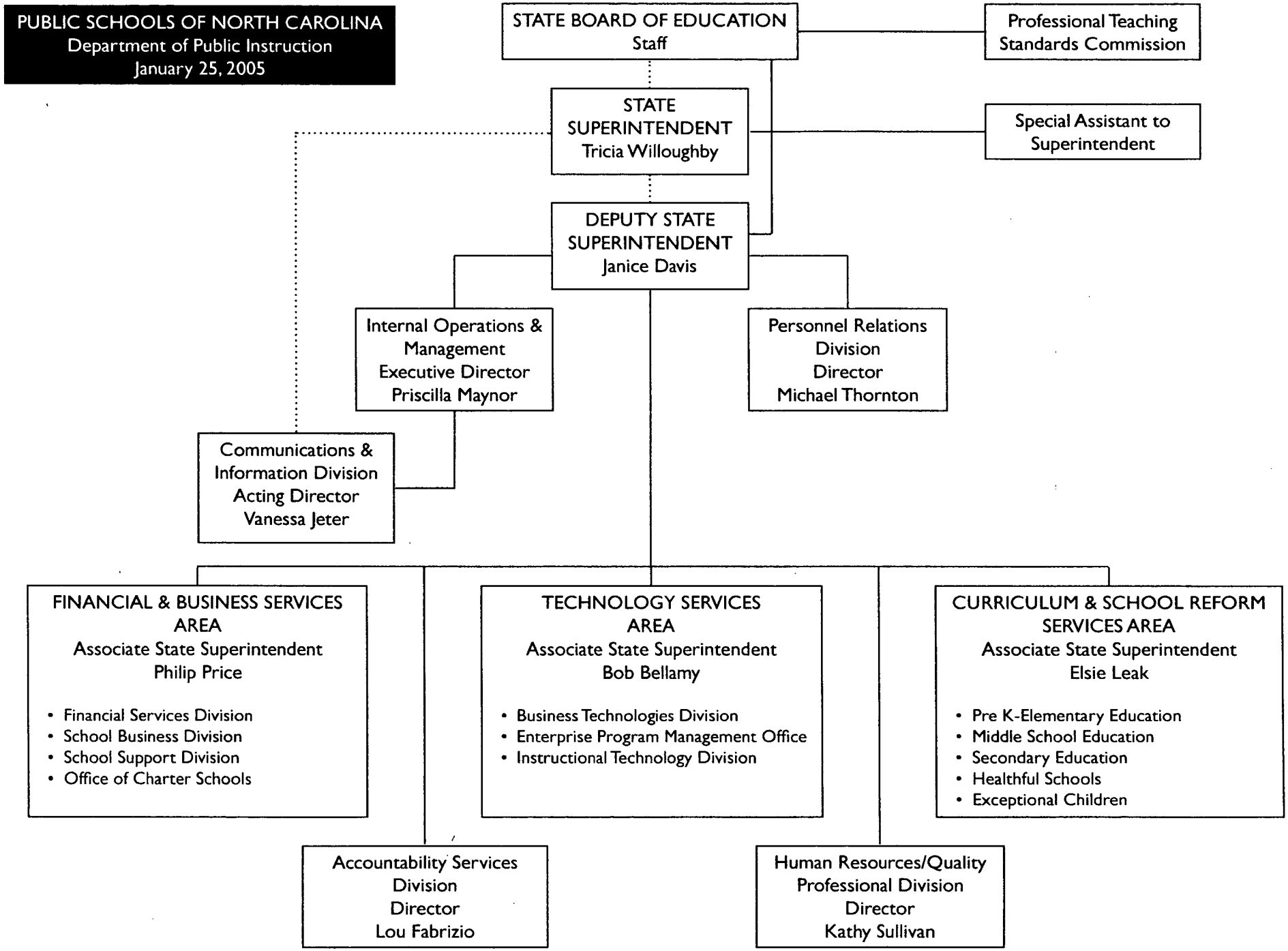
Department of Public Instruction

Comparison of Actual and Authorized Expenditures

Equipment Replacement and Cell Phones



PUBLIC SCHOOLS OF NORTH CAROLINA
Department of Public Instruction
January 25, 2005



VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 3-16-05 — 2:00 p.m.

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Paige Everett	A+ Schools Program (UNCG)
Kenny Howell	(K-12 Public Schools) A+ Schools Program (UNCG)
Michelle Burrows	A+ Schools Program
[illegible]	RT
[illegible]	[illegible]
Teresa Day	NCFPC
[illegible]	NCFPC
Michael Flowers	NCAE
John McKay	Goodnight
Mark Fleming	University

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 3-16-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Patricia Mullen	The Mullen Co
Jim Ayers	SBE / DPI
Becky McCaskey	DPI
Molly Ryan	NCBBA
Janice Davis	DPI
Elizabeth Hovenstine	OSBM
Anne Bandes	OSBM
Alicia Schauss	DPI
Tim Edwards	NCACCE
Philip Price	DPI
Katherine Joyce	NCASA

VISITOR REGISTRATION SHEET

JOINT APPROP. SUBC ON EDUCATION — 3.16.05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susan Harrison	WCRSS
Mary Doug	UIF
Tripp Melton	Sen. Stevens Intern
Rick Koob	CAA

House Pages

Name of Committee: JOINT APPROPRIATIONS ON EDUCATION Date: 3/16/05 2 P.M.

1. Name: Rebecca Ladd
   County: Wilson
   Sponsor: Rep. Farmer-Butterfield
2. Name: Beth Cottle
   County: Duplin
   Sponsor: Rep. Thomas Wright
3. Name: Torrah Mitchell
   County: Wilson
   Sponsor: Rep. Farmer-Butterfield
4. Name: Keven Myers | 5. Rooney Wynn
   County: Johnston | Wake
   Sponsor: Senator Smith | Senator Basnight

Sgt-At-Arms

1. Name: Brad Barefoot (House)
2. Name: Charles Williams (House)
3. Name: Stan Johnson (Senate)
4. Name: Wade Anders (Senate)

Joint Appropriations Subcommittee on Education

Agenda

Thursday, March 17, 2005, 8:30 A.M.

Room 421, Legislative Office Building

Senator Lucas, Presiding

I. Welcome

II. Review of Non-Profit Entities Receiving Direct Appropriations through the Public Schools Budget

Communities in Schools
ExplorNet
NC Network
NC Partnership for Excellence (formerly "TQE")
Public School Forum
Schools Attuned
Teacher Cadet

III. Committee Questions

VIII. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

Minutes
Joint Appropriations
Subcommittee on Education

March 17, 2005

The Joint Appropriations Education Subcommittee held it's meeting on Thursday, March 17, 2005 in Room 421 of the Legislative Office Building at 8:30 A.M. There were six Senators present. The following Representatives were present: Chairs: Maggie Jeffus, Joe Tolson, Doug Yongue, Members – Representatives: Ray Rapp, George G. Cleveland, Susan Fisher, Carolyn H. Justice, Earline W. Parmon, and Louis M. Pate Jr. Senator Swindell opened the meeting and Senator Lucas presided over the remainder of the meeting.

The Education Fiscal Research Division was in attendance. A visitor registration list, Sergeant at Arms list, House Page list, Agenda, member attendance sheet and handouts from all presenters is attached and made part of these minutes.

The Chair Senator Swindell called the meeting to order. Senator Swindell acknowledged the presence of Dr. Larry Price, Superintendent of Wilson Public Schools.

Senator Lucas presided over presentations made by non-profit entities receiving direct appropriations through the Public Schools Budget.

Presentations were made by: Communities in School, Mike Stephens
ExplorNet, Dave Bolick
NC Network, Myra Best
NC Partnership for Excellence, Judy Phillips
Public School Forum, Joann Norris
Schools Attuned, Marydean Bearinger & Dan Wascher
Teacher Cadet, Kelvin Sprague

Questions from the committee members were raised and answered. There was a request of the staff to clarify budget expenditures of non-profits.

There being no further business the chair adjourned the meeting at 10:00 a.m.

Senator Jeanne H. Lucas, Presiding

Tonia Butler Perez, Committee Assistant

NC Partnership for Excellence

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries		
2	Benefits		
3	Contractual Personnel Services	100,960	
4	**Total Personnel Services**	$100,960	16.78%
5	Building Rent/Lease		
6	Equipment Rental/Lease		
7	Travel	9,000	
8	Telephone/Cellular Phone Service	7,984	
9	Misc. Contract Services (prog.dev & clerical,etc)	114,000	
10	**Total Purchased Services**	130,984	21.77%
11	General Office Supplies	50,044	
12	R&D / Educational Supplies		
13	**Total Supplies**	50,044	8.32%
14	Furniture		
15	Computers		
16	Other	3,000	
17	**Total Equipment**	3,000	0.50%
18	Discretionary Grants		
19	Directed Grants (School Allotments*)	70,000	
20	Loans		
21	Other (Staff Dev. & Teaching Services)	246,752	
22	**Total Aid & Public Assistance**	316,752	52.64%
23	**Total Reserves**		0.00%
24	**Total Other**		0.00%
25	Total Budget	601,740	100.00%

* The $50,000 from the General Assembly plus additional funds from NCPE goes directly to support 28 district partners. Three new partners are inquiring about membership for next fiscal year.

Customer Service Excellence

This program revolves around a partnership with Turning Point Solutions, Inc., a company which works with schools and school systems on change which seeks to build positive relationships with their respective communities. **Training involves working with school employees, at all levels, on understanding the importance of and implementing processes which support excellence in customer service.**

Comprehensive School Reform

The national Comprehensive School Reform (CSR) program is designed to increase student achievement by assisting public schools across the country with implementing comprehensive reforms that are grounded in scientifically based research and effective practices. **The programs target high-poverty and low-achieving schools, especially those receiving Title I funds, by helping them to increase the quality and accelerate the pace of their reform efforts.** NCPE, at the request of the Oklahoma City Public Schools, a national partner, took over for a marginally effective project already begun in the district by another service provider. NCPE has proposed to work with the district over a two-year period, providing overall training in the High Performance Model and its related components to identified schools, conduct regular school site visits, and support and sponsor annual report data to be collected for state CSR Program reporting. Pursuant to NCPE's mission and vision, this project strongly supports a networking emphasis nationwide. A North Carolina school, from an NCPE partner district, has been visited by staff members from the Oklahoma City Schools as a part of this CSR project. More visits are planned, with the opportunity for reciprocal visits by North Carolina NCPE partner schools.

Breakthrough Performance in Test Scores Data

Through a partnership with Bayless & Associates, NCPE has access to a unique set of data (Process Variation Charting Analysis Method – PvCam) which **assists schools in evaluating their achievement of a breakthrough, or a statistically significant improvement in student achievement that indicates dramatic changes in the teaching and learning processes.** NPCE has developed training which helps schools understand how to utilize this data to help them evaluate their overall program and instructional processes. Through this special partnership with Bayless & Associates, NCPE provides each partner system with district-wide test information. NCPE also has completed a case study and information based on this data, which demonstrates the successes and higher level of improvement of partner school systems as compared to non-partner systems. A value-added relationship to the Bayless &Associates partnership has also been developed with *TETRADATA,* an assessment solutions company based in South Carolina, which designs data warehousing, data analysis, assessment and reporting solutions for state departments of education, K-12 school districts and private educational organizations.

Literacy During the Early Childhood Years

A training and product availability program is available to PreK - 2^{d} grade teachers which involve utilizing music to help children learn to read, while at the same time creating a high performing "literacy" culture for young children. Children participate in a musical performance and then participate in a follow-up classroom activity. **The uniqueness of this program is the service provided during the school day in the classroom with the students.** Substitutes are not needed and both the teacher and students benefit. During this follow-up session, teachers participate in "in-class" training, in which the presenters model activities related to using music and quality tools, developed as an extension of the High Performance Model. These strategies are designed specifically for helping young children become more literate and more responsible for their own learning. NCPE has published a packet of uniquely designed, leveled early readers, other related resources and a teacher's manual describing numerous quality tool activities related to the music.

Supplemental Allocations

NCPE provides a special staff development allotment to each of its North Carolina partners, **funded by its entire allocation from the North Carolina General Assembly plus additional dollars from NCPE.** Partners utilize these funds to deploy the strategies and processes espoused through the High Performance Model.

NCPE ORGANIZATIONAL CHART

Chief Executive Officer
Judy S. Phillips
Contractual Services

PURCHASED CONTRACT SERVICES

Fiscal Agent – Granville County Schools
Clerical Assistance – Stacey Phillips
Publications – Kirk Puckett

Program Development & Training Services
Dr. Mary Jo Allen
Dr. Ted Henson

PROGRAM DESCRIPTIONS

NCPE uses retired educators, teachers and administrators at a minimum level to provide the below described services. Judy Phillips coordinates these programs, as well as provides on site services.

Growing Future Leaders

Sponsored every year since 1999 by Progress Energy, this **leadership development program focuses primarily on non-administrators to prepare those predisposed to move successfully into administrative positions** with a sound background in the NCPE High Performance Model. It also establishes the value of "Leaders at all Levels" of an organization to encourage and support classroom teachers and curriculum support personnel interested in assuming an administrator role. Growing Future leaders also helps participants understand the importance of a strong leadership role as it translates into helping students become leaders of their own learning. Throughout these past six years, participants representing school districts from the piedmont, eastern North Carolina, and a South Carolina Partner, located in a region served by Progress Energy, have attended the year long seminar program.

High Performing Leaders Academy

Begun in April 2003, in Bertie County, the project was implemented as a two year program to work with school leadership teams composed of the principal and selected teachers as an outgrowth and in-depth extension of the Growing Future Leaders program. **Designed to strengthen the abilities of superintendents, principals, teachers and students to improve student learning and create conditions that facilitate and support leadership**, it provides training to five-member teams consisting of principals, teachers and support personnel from low performing and marginally successful schools in NCPE partner districts. The seminar sessions incorporate strategies for assisting participants in sharing what they learn with all staff members at their school sites. The emphasis has includes learning the tenants of the High Performance Model reflecting strategies and processes related to helping the schools become higher performing "organizations" through incorporating the concept of "leaders at all levels," Breakthrough Performance in test scores data, and alignment of goals at all levels of the organization. It is intended to serve as a model program for other districts.

Quality Leaders of Great Learning

Begun in October 2004 with Hoke County, identified as one of the Leandro counties, this three-year project provides training in the development and implementation of strategies for creating and maintaining high performing learning cultures as reflected by higher test scores within the classroom involving PreK-12th grade teachers, school administrators and central office staff and in creating a more positive environment receptive to increased parental involvement. **The project emphasis is on helping teachers become leaders of learning cultures which support students as leaders of their own learning.** Project seminars revolve around five main themed areas: (1)Getting to the Fifth Q-Quality Leaders of Great Learning; (2)Breakthrough Performance in Test Scores; (3)Literacy During the Early Childhood Years; (4)Engaging the Secondary School Student; and (5)Meeting the Customer Service Needs of Parents. This program has been designed to serve as a model program for other districts.

NC Partnership for Excellence
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation					
Recurring (R)	$400,000	$184,000	$49,000	$50,000	$50,000
Non-Recurring (NR)					
Other Revenue Sources	$885,700	$571,672	$532,934	$233,821	$476,000
Actual Year-End Expenditures	($1,268,523)	($1,106,199)	($676,976)	($363,240)	($601,740)
Net Assets @ Beginning of Year	$811,054	$828,231	$477,704	$382,662	$303,243
Net Assets @ End of Year	**$828,231**	**$477,704**	**$382,662**	**$303,243**	**$227,503**

* Projected figures for FY 2004-05

Communities In Schools of North Carolina, Inc.
Mission Statement

Communities In Schools is the nation's leading community-based organization helping students stay in school, succeed in the classroom and prepare for life. CIS connects community resources with schools and other sites such as family resource centers and community learning centers. Today more than two million young people have access to services through 194 local Communities in Schools programs in 31 states.

Communities In Schools of North Carolina is a public-private partnership that was created in 1989 primarily to replicate CIS programs across North Carolina. Since that year, CISNC has helped to create 31 local programs in the more traditional model, and just this week, is proud to announce the establishment of a one-of-a-kind, 18-county regional CIS program in Northeastern North Carolina. Including the four programs that pre-existed CISNC, the CIS network in North Carolina now includes 36 programs serving 51 counties.

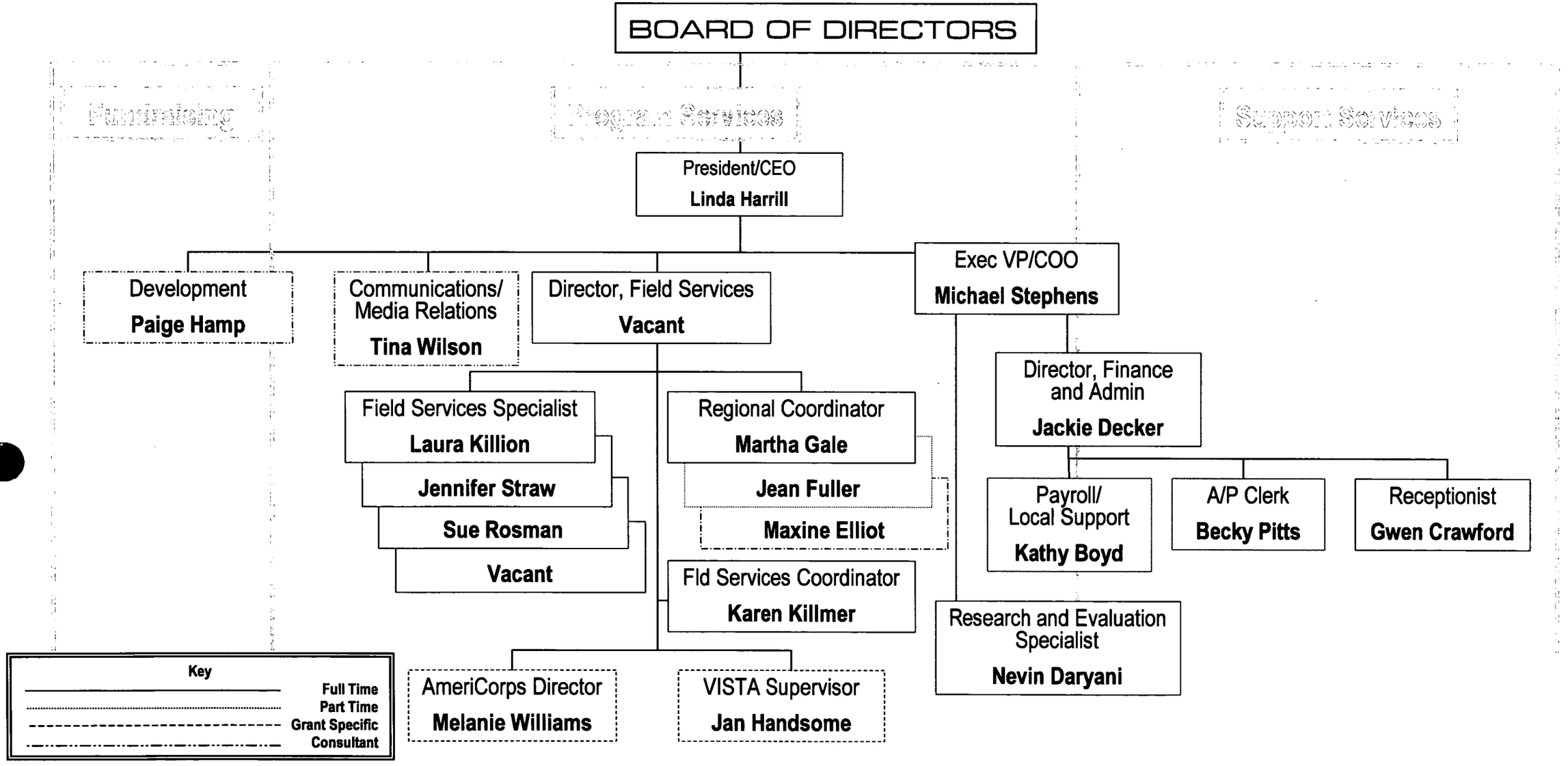
Along with our mission to replicate, we were likewise charged with the mission of assuring the sustainability of our local programs through relevant training and on-call technical assistance and other types of support, all provided at no cost by this office. In the years since 1989, these key roles have been expanded to meet the needs of the ever-growing CIS network while also providing general assistance outside of the CIS community in support of North Carolina's efforts to improve public education. Among these additional roles are the creation of statewide partnerships and support of local program resource development; statewide advocacy for at-risk youth and the creation of dynamic relationships with state government agencies; strengthening the network through viable and effective statewide public relations and communications efforts; and the collection and evaluation of essential data concerning the impact of CIS across the State.

Communities In Schools of North Carolina, Inc.
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation					
Recurring (R)	$ 1,400,000	$ 1,155,667	$ 1,132,850	$ 1,151,000	$ 1,088,588
Non-Recurring (NR)					$ 75,000
Other Revenue Sources	$ 802,229	$ 1,143,259	$ 978,494	$ 727,866	$ 726,848
Prior Year Cash Carry Forward	$ 1,060,261	$ 1,060,915	$ 818,790	$ 774,707	$ 604,916
Total Available	**$ 3,262,490**	**$ 3,359,841**	**$ 2,930,134**	**$ 2,653,573**	**$ 2,495,352**
Actual Year-End Expenditures	$ 2,186,139	$ 2,489,097	$ 2,187,429	$ 2,037,359	$ 2,066,192
Net Furniture and Equipment	**$ 66,608**	**$ 82,043**	**$ 133,998**	**$ 102,016**	**$ 100,000**
Ending Net Assets	**$ 1,142,959**	**$ 952,787**	**$ 876,703**	**$ 718,230**	**$ 529,161**

* Projected figures for FY 2004-05

Communities In Schools of NC
Organization Chart



Communities In Schools of North Carolina, Inc.
Description of Program Services

As explained in the mission statement, CISNC's lone program mission revolves around the start-up and support of local CIS programs across North Carolina. CISNC's success and strength rests upon its ability to meet the individual needs of local programs either directly or by brokering in training and technical assistance through a national network of practitioners. Because each local program is independent with its own distinctive needs, CISNC must be prepared to respond to all needs with numerous options. With a projected budget of $2,063,477 during FY 2004-05, $1,564,288 is budgeted to mission services. This represents 76 percent of the entire budget.

We track the effectiveness of these core missions by breaking them down into functional areas. In this way we can track our successes and failures, look for trends and variances, and determine whether what we have invested in time and money is cost effective. Cost effectiveness, however, does not rule the day if we have a program with a particular need that falls outside of thriftiness. Consequently, while we always seek economies of scale, the individual need of a program may require us to make an extra trip, spend additional time, or grant an exception to a particular policy, but always with an eye towards being sound stewards of the money entrusted to us. These areas of functional expenses include the following: development and sustainability, direct support, replication, training, and volunteer recruitment and sustainability. There is a sixth functional expense, which is tied to a distinct project in which we run two independent community learning centers, one in Winston-Salem and the other in Wilmington.

The following services are among those typically provided by this office under each area of functionality.

- Development and Sustainability
  - Grant notification and grant-writing assistance
  - Financial management and risk-management best practices
  - Field advocacy and technical assistance
  - Desk-side/individual coaching
  - Quality management reviews
  - Resources for coordinated statewide media and public-awareness campaigns
- Direct Support
  - Proceeds from statewide fundraising efforts and directed pass-throughs
  - Start-up funding for new CIS programs
  - Free children's books ($1.5 million over past four years)
  - No-cost VISTA workers ($500,000 in past three years)
  - Fiduciary agent and program management of statewide AmeriCorps project ($1.6 million over past seven years)
  - Proceeds from statewide fundraising efforts (over $200,000 in past two years)
  - New computers and peripherals (IBM partnership)
  - Bookkeeping services for new programs

  - Funding a 1-800 number for no-cost phone inquiries into CISNC office
  - Website development funds
- Replication
  - A controlled, 14-step process of pre-implementation and implementation stages, which includes: conducting community orientation meetings, conducting community assessments, establishing a task-force, developing and implementing a work plan, fundraising, choosing a start-up site, creating a site plan and a much, much hand holding.
  - Initial funding costs associated with incorporating and establishing a 501c(3) non-profit organization
- Training
  - Board orientation training
  - New executive director training
  - Resource development and community collaboration
  - Site director training
  - Volunteer training
  - Youth development and leadership camps and conclaves
  - No-cost or subsidized state training conferences
    - Summer training institute (over $50,000 in last four years thanks to SAS)
    - Annual winter training conference 30-percent subsidized ($115,000 in three years)
- Volunteer Recruitment and Sustainability
  - State-of-the-art volunteer manuals ($30,000 this year via Progress Energy grant)
  - Management of state mentoring partnership

We are proud of the fact that no operational CIS program in North Carolina has ever closed its doors, even during the recent hard economic times. While this is attributable in good measure to the resolve, dedication and skills of local staff and boards of directors, a large degree of this success rests directly upon the support that has been provided by Communities In Schools of North Carolina. CISNC is one of only five CIS State Offices that has earned charter status through the CIS National Quality and Standards Program, and our national office considers CISNC its consummate state office.

As the executive director of one our newest programs put it,

> "CISNC has been instrumental in bringing Communities In Schools to Lee County. Throughout 2003-2004, CISNC staff members guided local volunteers through the CIS replication process. They conducted training for our board members, our part-time executive director, and our Lee County High School site coordinator (a volunteer position). They also provided extensive technical assistance with site plans, annual program and operating plans, budgeting, fundraising, and creating policies and procedures to ensure fiscal accountability. "
>
> —Holly Ann Rogers, CIS of Lee County

Name of Non-Profit
Budgeted Expenditures
FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	840,614	
2	Benefits	170,589	
3	Contractual Personnel Services	267,732	
4	**Total Personnel Services**	$1,278,935	61.90%
5	Building Rent/Lease	$56,237.00	
6	Equipment Rental/Lease	$13,055.00	
7	Travel	$42,544.07	
8	Telephone/Cellular Phone Service	$16,073.00	
9	Misc. Contractual Services		
10	**Total Purchased Services**	$127,909.07	6.19%
11	General Office Supplies	$5,168.49	
12	R&D / Educational Supplies	$36,244.20	
13	**Total Supplies**	$41,412.69	2.00%
14	Furniture		
15	Computers	$15,000.00	
16	Other	$60,000.00	
17	**Total Equipment**	$75,000.00	3.63%
18	Discretionary Grants	$73,230.00	
19	Directed Grants	$152,500.00	
20	Loans		
21	Other		
22	**Total Aid & Public Assistance**	$225,730.00	10.92%
23	**Total Reserves**		0.00%
24	**Total Other**	$317,205.13	15.35%
25	**Total Budget**	**$2,066,191.51**	**100.00%**

Communities In Schools of North Carolina
Board of Directors

Diane Adams
CISCO Systems

Mary Linda Andrews
GlaxoSmithKline

Dave Benevides
IBM

Scott Custer
RBC Centura

Mary Easley
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BellSouth

Robby Russell
Wachovia Corporation

Craig Smith
Bank of America

James Speed
North Carolina Mutual
Life Insurance

Katherine Thomas
Progress Energy

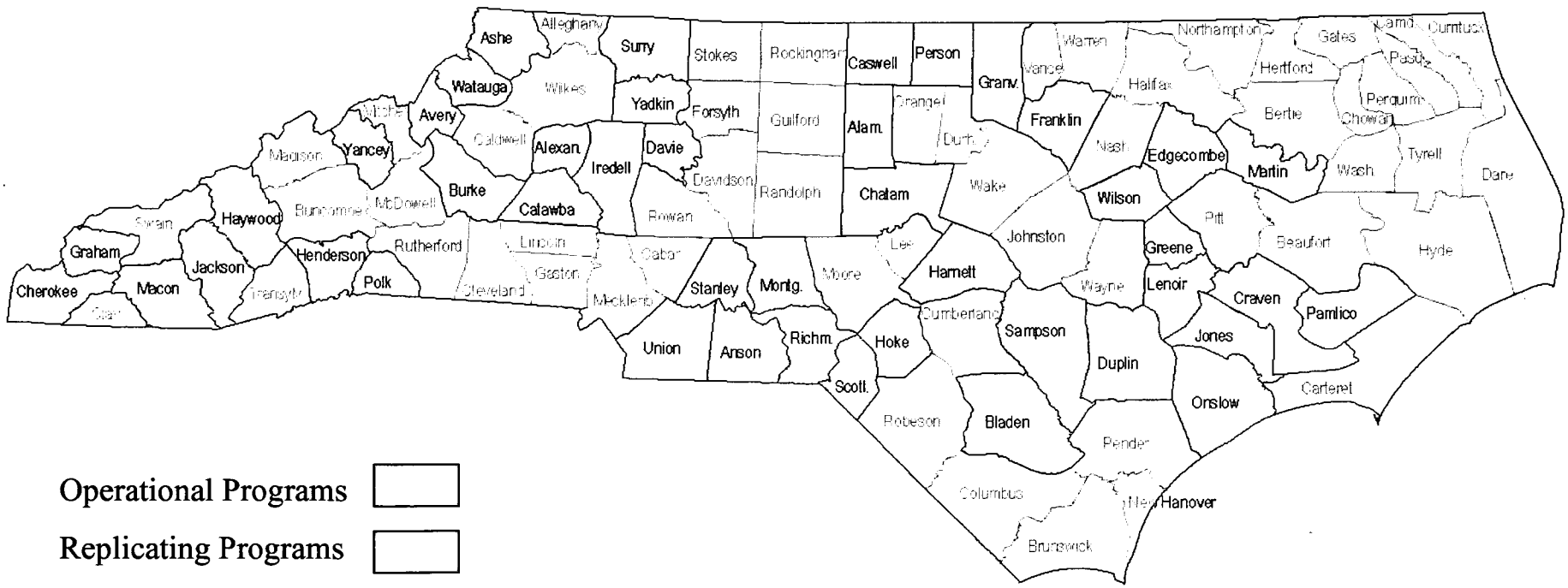
Ben Vernon
Apple Foundation

Dr. Hope Williams
NC Association of Independent
Colleges and Universities

Richard "Stick" Williams
Duke Power

Marco Zarate
NC Society of Hispanic
Professionals

The CIS Network: North Carolina



Communities In Schools of North Carolina

Communities In Schools of North Carolina

Helping Kids Stay in School and Prepare for Life

Quick Facts—2003-2004

		Compared to Previous Year	
Statistics About Our Youth			
• Youth Receiving Services	76,312	↑	43%
• Case Managed Students	17,587	↑	42%
• Total Student Population at All CIS Sites	177,250	↑	5%
• Percent of Potential Dropouts Staying in School	96%	↓	3%
• Percent Promoted	92%	↓	1%
• Percent Graduated	95%	↑	4%
• Percent Improving Discipline	80%	↑	5%
• Percent Improving Achievement	84%	↓	1%
• Percent Improving Attendance	84%	→	
Statistics About Our Programs			
• Local Programs	33	↑	6%
• Counties Served	32	↑	6%
• Sites Served	405	↑	9%
• Board Members	738	↑	1%
• Community Partners	2,116	↑	37%
• Volunteers	13,655	↑	46%
• Volunteer Hours	259,655	↓	6%
Local Program Funding			
• Grants and Contracts	$6,888,206	↓	16%
• Cash	$3,141,261	↑	31%
• In-Kind Donations	$3,573,765	↓	15%
• Value of Volunteers	$4,463,469	↓	2%
Total	$18,066,701	↓	7%

Major Funding Sources (Cash and In-Kind) — Local Governments, Public Schools, United Way, Junior League, Banks, Utilities

CISNC State Office Facts			
• AmeriCorps Members (working in local program sites)	20	→	
• VISTA Members (working in local program sites)	20	→	
• Annual Budget (FY 2004)	$1,904,040	↓	7%
◇ Amount Received from NC Legislature (FY 2004)	$1,151,000	↑	2%

Communities In Schools

Communities In Schools

CIS Network Achievements vs. State Dollars Allocated

Successes, SY's 2001 - 2004

▪ New Programs Added -	8 (35 Total)
▪ New Sites Added -	134 (403 Total)
▪ Students Served -	221,360
▪ Total Students* -	615,100
▪ Parents served -	31,680
▪ Volunteer Hours -	1,066,110
▪ Avg stay-in-school rate -	95.2%
▪ Private $$ & services leveraged -	$59.8M

State Funding Allocated

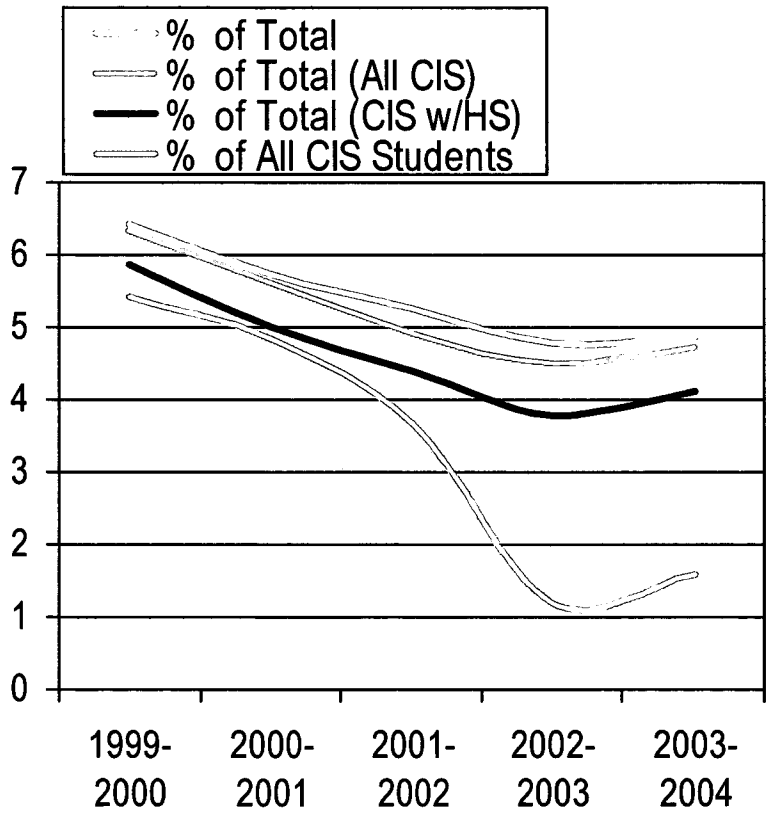
▪ FY '01	$1,400,000
▪ FY '02	$1,155,600
▪ FY '03	$1,138,850
▪ FY '04	$1,151,000
▪ Total	$4,845,450

Average State Investment/Client - $19.15

* Total student populations (regardless of whether services were received) in all schools with a CIS site over 4-year period

CS

NC Dropout Percentages:
Four-Year Comparisons



- Statewide dropout rate
- Districts with CIS presence had lower dropouts
- Districts with significant CIS presence in high schools were even lower
- Dropout rates of all case-managed CIS students were lowest

Dave Bolick

ExplorNet
www.explornet.org

3000 Highwoods Blvd, Suite 300
Raleigh, NC 27604
www.qtlcenters.org

The Centers for Quality Teaching and Learning

ExplorNet's Centers for Quality Teaching and Learning mission is to help North Carolina teachers reach every child, every day. Our programs blend research-based educational strategies, curriculum content and technology. Teachers who have participated say our Quality Teaching and Learning, or QTL, programs have changed their classrooms, changed their lives and changed their students' lives.

We accomplish this by providing teachers with intensive professional development that links how they teach, what they teach and technology tools that help them reach all children. Our programs help students succeed by helping their teachers succeed.

We have two main programs, QTL for K-12 educators and QTL for Information Technology Educators.

QTL for K-12 is an intensive seven-day program in which teams of teachers work together to take learning to a higher level for all students. It makes schoolwork an active and engaging process. The program is an agent for change because now... and for the first time... there is a program that meets the goal of connecting the way teachers teach with the content they teach and with technology tools that increases their capacity to reach their students. More than 2,500 North Carolina teachers have taken part... 772 teachers from 112 schools and 25 school districts last year alone.

QTL for Information Technology (IT) Educators provides training, curriculum and support for teachers who prepare students for high tech careers. Through hands-on learning in Computer Engineering and Network Engineering classes, students learn real world job skills that give them access to a brighter future they might not otherwise have had. More than 100 North Carolina high schools participate in this program

QTL focuses on increasing teacher capacity to help students succeed. This is critically important, because no child can succeed unless their teacher succeeds first. If teachers don't have capacity to practice skillful teaching... there is no strategy, no matter how hard you work, that will produce sustainable results. We can talk about preventing dropouts. We can devise programs. We can even provide the money, but if the teachers don't have capacity to help their students connect to the curriculum and content, it won't work. Judges can order us to develop programs for at-risk students. We can provide great amounts of money, but if the teachers in the classroom don't have the skills and understanding how to reach every student every day, it won't work. We can set higher and higher standards and expectations for every student, but we must also provide teachers the quality growth opportunities they need – the capacity to succeed – or, it will never happen.

Research is perfectly clear. Teachers are the single most important factor affecting student learning. If a student has a highly effective teacher for three consecutive years their achievement gain can be 54-percentage points higher than if they have a least effective teacher during those same three years. This is the difference between a drop-out flipping hamburgers for a living or attending a highly selective university.

The General Assembly established our funding to help bring technology to public schools at lowest cost to taxpayers. We've not only done that, but we have created nationally recognized program that raise the teaching bar and ultimately the learning bar. We are good stewards of your trust.

ExplorNet and the QTL programs focus on helping students succeed by helping their teachers succeed first.

Phone: (919) 878-0540 Toll Free: (888) 507- 3800 Fax: (919) 878-0533

Organizational Chart

QTL for K-12 teachers and QTL for Information Technology Educators.

Fifteen fulltime employees
One part-time employee

Eleven employees work with the QTL for K-12 teachers program
Two work with the QTL for Information Technology Educators program
Four function in administrative capacities

All staff works cross functionally supporting team members as needed

Additional program information is available on our website:

www.qtlcenters.org

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QTL for K-12

QTL for K-12 is an intensive seven-day program in which teams of teachers work together to take learning to a higher level for all students. The program is an agent for change because now... and for the first time... there is a program that meets the goal of connecting the way teachers teach with the content they teach and technology. More than 2,500 NC teachers have taken part... 772 from 112 schools and 25 school districts last year alone.

The QTL program aligns with No Child Left Behind; North Carolina's Standard Course of Study; North Carolina's professional development rubrics and is based on scientific research on how children learn. Participating in the program requires teachers to build on their school improvement plan by using student data.

We work collaboratively through a series of partnerships. That way we can help our partner hone in on the needs and help provide solutions. The Department of Public Instruction is a key partner.

The Department of Public Instruction's Career and Technical Education section, after seeing the QTL program for academic teachers, asked us to develop a lateral entry teacher induction program based on QTL as the first step in the licensing process for Trades and Industrial Education teachers. The school improvement division's Comprehensive School Reform program has recognized QTL as part of an effective model for school wide improvement and reform. Most IMPACT grant schools have selected QTL as a key professional development program for their technology and teaching improvement grants.

NCTA, the North Carolina Technology Association has received three federal grants to establish technology demonstration projects and is clearly demonstrating that when schools have adequate technology and appropriate professional development teachers have increased capacity to help students succeed. The evaluation findings show that when teachers had the technology tools and professional development to support it, they began to collaborate, to work together. They began to use technology in their content and curriculum and as a result, their students began to learn. Why? Because technology and capable teachers helped students connect the content and curriculum to their own learning. The anecdotal data on student outcomes indicate the potential for student learning increase because the students actively participate in their own learning and when they do that they are much more interested. At Person County High School, where they already had significant technology and received QTL professional development, the NCTA study reports the 28-year veteran assistant principal called the results "absolutely revolutionary" and that "systemic changes" occurred in the school. That happened with only 25-percent of the teachers initially taking part.

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QTL for IT Educators

QTL for Information Technology Educators provides training, curriculum and support for teachers who are preparing students for high tech careers. Through hands-on learning in the Computer Engineering and Network Engineering classes, students learn real world job skills that give them access to a brighter future they might not otherwise have had. More than 100 high schools across North Carolina participate in this program.

In their professional development, these Career and Technical (vocational) teachers don't just learn to teach kids how to build computers and networks. They also learn to use QTL's best teaching practices and research-based strategies to help students learn. Research clearly shows that when students engage in their own learning, they don't drop out. In one high school a Computer Engineering teacher asked for the school's at-risk students. These students were either on parole or were in other deep levels of trouble and virtual failure. Eight of those 12 finished high school. Today all eight are in college studying technology as a career.

The lateral entry teacher induction program that we are developing with DPI focuses on teacher success and teacher retention, keeping new teachers in the teaching profession. Most lateral entry teachers are subject experts... welders or electricians or carpenters, but don't have the background to transfer that expert knowledge to the student level. Our program helps them make those connections. We help them understand the teaching process, everything from what a superintendent is to how to use your course blueprint to develop a lesson plan. This doesn't replace the requirements to take educational courses over several years to become certified, but it does successfully provide jump start opportunity for them. The turnover rate of these teachers is considerably higher than for other teachers and the key to keeping them is to provide extra support early on.

Working with our IT teachers, we developed the Strategies for Success Handbook. This builds on National School Boards Association research that shows more than half of all school districts use students to provide technology support and that there are as many approaches as there are schools. This handbook helps instructors and technology directors work together to decide if this is an appropriate learning opportunity for students and then how to move forward and implement a successful program.

In North Carolina, we estimate students save their school districts and the taxpayers more than a million dollars a year. This has provided students real-world experience in a learning environment that they can put on their resume'. This experience demonstrates they understand how to work with customers, they can analyze problems and provide solutions and they are successful in doing so. These strategies are part of a national program established by The Consortium on School Networking as a best practice for schools using students in tech support roles.

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ExplorNet/Centers for Quality Teaching and Learning Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation					
Recurring (R)	$2,500,000	$0	$98,000	$300,000	$400,000
Non-Recurring (NR)	$0	$1,250,000	$0	$0	$100,000
Other Revenue Sources	$1,065,415	$1,066,189	$5,814,861	$838,636	$947,100
Actual Year-End Expenditures	($3,348,840)	($3,198,049)	($6,014,424)	($1,876,280)	($1,444,16
Difference **(Cash Balance)**	**$216,575**	**($881,860)**	**($101,563)**	**($737,644)**	**$2,932**

* Projected figures for FY 2004-05

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ExplorNet/ Centers for Quality Teaching and Learning

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	904,143	62.48%
2	Benefits	159,276	11.01%
3	Contractual Personnel Services	22,500	1.55%
4	**Total Personnel Services**	$1;085,919	75.04%
5	Building Rent/Lease	110,049	7.60%
6	Equipment Rental/Lease	0	0.00%
7	Travel	61,000	4.22%
8	Telephone/Cellular Phone Service	21,000	1.45%
9	Misc. Contractual Services	32,500	2.25%
10	**Total Purchased Services**	$224,549	15.52%
11	General Office Supplies	8,000	0.55%
12	R&D / Educational Supplies	43,200	2.99%
13	**Total Supplies**	$51,200	3.54%
14	Furniture	0	0.00%
15	Computers	0	0.00%
16	Other	0	0.00%
17	**Total Equipment**	$0	0.00%
18	Discretionary Grants	0	0.00%
19	Directed Grants	0	0.00%
20	Loans	0	0.00%
21	Other	0	0.00%
22	**Total Aid & Public Assistance**	$0	0.00%
23	**Total Reserves**	$2,932	0.20%
24	**Total Other**	$82,500	5.70%
25	Total Budget	$1,447,100	100.00%

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IMPACT OF THE QTL PROGRAM

From Williford Elementary School – Nash/Rocky Mount – half the school teachers have participated the other half will participate next year

March 16, 2005

Dear Mr. Boliek,

The staff at Williford Elementary School is excited about the professional staff development they have received at ExplorNet during the past two years. *The Guided Practice Approach* has **changed** teacher attitudes significantly and has **equipped** staff members with effective teaching strategies, infused with technology, that have facilitated student learning at a degree that would not have been possible had they not been exposed to your material and human resources.

The "teaching-learning" environment at Williford School has undergone a wonderful **transformation**. No one would have dreamed of the changes that are now taking place...all due to a "change in attitude" because of the excellent learning opportunity afforded my teachers at ExplorNet.

I asked the staff to reflect upon their training and here are some of their reflections:

Our staff and students have been fortunate enough to receive the IMPACT Grant for the past 2 years. This grant and the QTL staff have enabled us to implement programs and educational activities that go beyond enhancing student learning. In today's world we need Highly Qualified Teachers. We now have them. The staff members of Williford Elementary have been given wonderful opportunities to go to a relaxed atmosphere and learn. The QTL staff and center afford our teachers ample opportunities to find out what is going on in the world of technology now and in the immediate future. Our teachers are able to have hands on experience and training from highly qualified personnel that not only show them how to use the technology itself, but to implement that technology in the classroom.

The quality of student learning has risen along with the implementation of this grant. Students are eager to learn. My co-worker told me that as soon as his activboard goes on, the students are raising their hands wanting the chance to participate. A student eager and excited about learning is one of the biggest challenges we can face today. Having highly qualified teachers and the technology we have been afforded with this grant has greatly improved student performance. With the advent of the use of so much technology, students are better served. Teachers are able to individualize student lessons and every child's needs are addressed. Students can learn in a variety of ways using programs that address their specific needs. With the No Child Left Behind legislation, it is important to realize that technology in the classroom is as essential as the air the students breathe.

Some of our teachers recently attended statewide conferences. They came back so proud of our school and what we are accomplishing. Every grade level in our school is actively using technology. These students are our future and we are giving them what they need to survive in a world filled with technology. Thanks to the staff at ExplorNet for showing us the way...

Jerry Lasley, Second Grade Teacher
Williford Elementary School

Phone: (919) 878-0540 Toll Free: (888) 507- 3800 Fax: (919) 878-0533

I really enjoyed participating in the Quality Teaching and Learning experience. The instructors were wonderful and exposed us to many things that I brought back to use in my classroom. There were many

pieces of technology equipment that I had never seen before and I was so excited about them that I came back to my school and talked about them and we purchased some of them. This experience also gave me to opportunity to bond with other teachers who also had great ideas to share. I recommend this workshop to any teacher, new or veteran, who wants some new fresh ideas to use in their classroom.

Kenya L. Brown
4th Grade Teacher
Williford Elementary School
Hunting for Wildcat Excellence

I thought our ExplorNEt training was an excellent experience. I got a chance to learn about and bond with other teachers in the school that I normally don't even see during the course of a school day. I got to learn about them through various activities that we completed in groups. I was also able to incorporate many of these same activities into my teaching. I thought that the activity most useful in my teaching was using more direction and focus with the students on a "Field Discovery" rather than just watching and listening. I learned how to use different kinds of equipment, such as a document camera, in a learning environment that I had never even seen before. Our school ended up purchasing some equipment and software based on the experiences that we had with them. I would definitely go again if I could.

"ExplorNet's Quality Teaching and Learning program was a wonderful experience. The program helped the staff at Williford Elementary School, an IMPACT Model School of Technology to better understand educational theory and research-based teaching strategies. Most importantly, the staff demonstrated how to us use the technology and to reach every child in the classroom. The staff at Williford enjoyed the relaxed atmosphere and friendly staff of the ExplorNet QTL trainers. We have used many of the ideas in our classrooms and have also incorporated them into our school wide thematic units. The QTL program is a wonderful professional opportunity that should be experienced by all teachers in North Carolina.

Pluses for QTL

- instructors made everyone feel comfortable and knowledgeable
- working with other schools was informative
- technology was integrated with all subjects
- we were introduced to all programs that we have available to us
- we worked in groups with most of the projects
-the field trip was neat it showed us different ways to take a trip
- hands on workshop
- it was rewarding to travel and work with other people at our school
- it was nice to have a lunch break
- we were fortunate to have excellent instructors

Amanda and Joyce

Joyce M. Riley, Kindergarten
Williford Elementary

Phone: (919) 878-0540 Toll Free: (888) 507- 3800 Fax: (919) 878-0533

Unidentified teacher

I just wanted to say thanks again for inviting me to the [QTL] workshop. I have decided to teach again because of it.

Dr. Juanita B. Clark, Principal
West Lumberton Elementary School
Lumberton, NC

The ExplorNet QTL Training is very effective in helping all teachers in developing instructional activities that are aligned with the NC Standard Course of Study.

Nine of the West Lumberton Elementary teachers have attended the training in the past twelve months. I have observed excitement, team teaching & planning across grade levels; plus lots of hands-on-activities in the classrooms that are related to the ExplorNet QTL Training.

Yes, teachers and students are excited!

Thanks for your support and commitment in our educational endeavors in the Public Schools of Robeson County.

Jennifer C. Topper
Principal
Sedalia Elementary School

The QTL training has significantly impacted Sedalia Elementary School. Two teams of 2nd-5th grade classroom teachers, our media specialist, our technology assistant, and our AL teacher participated in this year-long training. For the first time in this school's history, students are actively engaged in curriculum-integrated technology on (at least) a weekly basis, and it is changing the way our teachers look at teaching. I have witnessed the "best teaching practices" modeled during QTL training being increasingly practiced in the classrooms, and the resulting increase in increased academic learning time for our students. I plan on sending all new teachers to our school through the QTL training for the next school year, and training our first grade team as well.

Karin Flippen – 4th grade Claxton Elementary . Guilford County

The biggest challenge that I face is having such a diversified group of learners. Having children with special needs in our class. I have kids reading from 2nd grade level all the way up to 6th grade level. Being able to work on one skill at a time and being able to meet the needs of all the children is probably the biggest challenge.

I know that different level students need more variety of learning techniques. Hands on tools, reading tools, speaking back and forth, dialog. They just need more of what I don't think has been instilled in all the teachers prior to going to this program. QTL gave me the foundation for all of the ideas. With that foundation I've been able to come back and adapt them to the classroom and to meet the needs of my students.

They love the results of what I've learned. I think that they definitely thrive on it. They're thinking more. They're thinking out loud more and they're having to support their answers more

Jennifer Kresicki – Special Education teacher – Perquimans County

I was very apprehensive. I really did not think my children could benefit from me coming here at all. But I was completely wrong. I have learned so much.

Phone: (919) 878-0540 Toll Free: (888) 507- 3800 Fax: (919) 878-0533

Brookie Ferguson -- 4th grade Coats Elementary

My experience and my participation in QTL, I think has made me more effective. I feel better about some of the activities that I'm doing. They're more purposeful. The students are learning significant knowledge that will help them later on in life.

I've seen a lot of changes in my class and another 5th grade class I work with. We do a lot more technology-based, a lot more best practices. We've seen improvements in test scores. If you look at their daily work, you see a big improvement in that from the first of the year to the end of the year in communication skills and things like that, including the written language and writing.

Brenda Lillard – 3rd grade Claxton Elementary. Guilford County Schools

I love the QTL program. It's helped me learn my children better, about how they learn.

One of the biggest challenges is having children that come from so many different backgrounds. They're so diversified. Meeting the needs of each child is difficult. Being able to pick up where that child is and go from that point, but yet to make sure that you meet all of the needs of all the children at that time is crucial.
It just makes a difference when the students are actively involved. They learn better thinking skills. I try to match different strategies for different activities that involve their critical thinking areas.

Anne Waters -- 1st grade teacher Coats Elementary Schools

Every school should have QTL. Every instructor, teacher, assistant, any staff member should be given the opportunity, because it's such a wide open world of what can happen in any classroom. QTL is a very strong program. It's something that's an opportunity that should be offered to any staff member.

Meeting the needs of diverse learners is the biggie. There are so many children who have different learning styles and trying to meet their needs is always challenging. By using technology you are meeting different learning styles

---

Mary E. Luper -- Guilford County Schools -- Teacher of the Year 2003

QTL has dramatically changed the way I teach in many ways and my level of self-confidence with computers has increased a great deal. I would love to take this workshop again to gain more expertise especially with the computer microscope for science lessons.

In fact, I would love to one day be an QTL trainer myself. Working with these ladies has renewed my energy and enthusiasm for teaching. Not only have they given me a huge toolbox full of exciting computer ideas to use every day in my classroom, but as I watched them using Best Practices they have also introduced me to many new cooperative learning techniques.

Phillip Ferrell
Elementary principal

"Teachers have got to realize that children have to be stimulated. Technology is not the answer, it is simply a tool that enables us to meet the needs of the child. (QTL) helps the students by helping the teachers."

Phone: (919) 878-0540 Toll Free: (888) 507- 3800 Fax: (919) 878-0533

Prepared for the North Carolina General Assembly
Joint Education Appropriations Committee
Thursday, March 17

North Carolina Network for School-Based Management

Desired Outcome: By the end of this presentation we will have an awareness of the NC Network's:

- Operational structure
- Services it provides to its member and partner districts
- Budget and funding history
- Member and partner district's perception of it's services

Our vision

All school improvement teams will have the knowledge and skills they need in order to make decisions that improve teaching and learning for their students.

Who We Are

The North Carolina Network for School-Based Management (NC Network) is a collaborative of school districts and other partners that work with school improvement teams. The Network has twenty four member and four partner districts. In addition to the member school districts, other partners include East Carolina University, SouthEastern Regional Vision for Education (SERVE), the New Schools Project, the Center for Science Mathematics and Technology, the National Education Association (NEA) and the North Carolina Association of Educators. The Network is governed by a 24-member coordinating council composed of parents, school board members, teachers, principals, and superintendents from the participating school districts and representatives from the university partners and SERVE.

The Network was established through a Goals 2000 Grant to develop systemic strategies for schools and school districts to implement the School-Based Management and Accountability Act (SBM/ABCs) passed by the North Carolina General Assembly in 1996. The SBM/ABCs mandated thatschool -based management be used as the method of decision-making in public schools and that its primary purpose is to improve student performance. The Network was funded by the General Assembly in 2000-01 as part of the Goals 2000 recommendations. The SBM/ABCs and Accountability Act requires that all schools have a school improvement plan based on the needs of students in that school developed by a school improvement team selected by stakeholder groups. It also allows for budget flexibility from certain laws so that funds allocated to the schools can be used to support the improvement efforts of the schools.

Based on these facts, it is important that all teachers, principals, non certified staff and parents know and understand the law that sets the standards for which they will be held accountable for teaching and learning. They also need skills about how to use and analyze data in their classrooms to make informed decisions about instruction for

students. With that knowledge as its guide, the NC Network was formed to research and develop a process for shared decision- making at the school level that supported the Local Education Agency's (LEA) and the SBE's goals as well as the laws passed by the General Assembly.

What We Learned

Through its work, the Network has determined that effective SBM requires that four essential elements be in place:

(1) Clear board and administrative policies and parameters for shared decision-making;
(2) Training in leadership development and Facilitative Leadership®;
(3) School Improvement Plans that are focused on the achievement of all students; and
(4) Training and support for School Improvement Teams in using data to develop and monitor achievement-focused plans.

What we do

1. Provide training in the Network LEAs for school-based improvement teams on Leadership and using data.
2. Develop the capacity of partner LEAs to provide their own training and support to schools.
3. Disseminate successes of the Network LEAs to other LEAs across North Carolina.
4. Evaluate the results of the model on student performance.

How we operate

The Network is governed by a twenty-five (25) member Board and employs one (1) full time Director and one (1) full time administrative assistant to manage administer its program of work. The Network Board is chaired by a member of the board selected the board members. It has standing committees chaired by Board members that develop its annual plan of work and operates using shared decision making as is required for school improvement teams. The services are coordinated by the Network Director and a Network contact person in each member district and partner organization.

Network Programs for 04-05

The following information is exerted from the Network's annual planning meeting of the NC Network Council

1. Facilitative Leadership® Training

Alan Teasley, chairman of the Facilitative Leadership® Committee composed of Alan, Bob Heffren and Patricia Calfee, presented the following recommendations that were approved by the Council for 04-05.

- The Network will provide a minimum of 32 certification trainings so that it can certify as many of the candidates as possible and each district host one of the 32 sessions at no cost to the member districts.

  Total Budget: 90,339.00
- The Network continues the cost-saving strategies used in the past.
- The Network continues to offer a minimum of one T4T per year and Myra pursues with IISC the possibility of using retired FL® Trainers.

  Total Budget: $7500.00
- The Network offers one Annual Meeting during 2004-05 for Certified FL® Trainers. Total Budget: $4300
- The Network further explores the Crucial Conversations Training by holding a pilot training for 27 people, with a suggestion that FL® Trainers having be considered for participation. Total budget: $8000.00

2. Sharing Day Drive In Conference

Neil Pederson, Chairman of the Sharing Day Conference Committee composed of Neil, Michele Fagan and Allen Strickland, presented the following recommendations that were approved by the Council for 04-05.

- The Network participates in the Governor's Teacher Working Conditions Conference scheduled for October 5-6, 2004 if it is inclusive of the entire state.
- The Network needs to pursue how the Teacher Working Conditions can be incorporated in the school improvement planning process. The Director is requested to bring back a plan prior to June, 2005.
- That decision is made about the annual Network Sharing Day after the Governor's Teacher Working Conditions Conference and requested that the $18,300.00 allocation for the Sharing Day remain in the Network's budget.

  Total Budget: $18,300.00

3. Statewide Conference

Myra Best reported on this item for Sandra Jones, Chairman of the Statewide Conference Committee. The Statewide Conference Committee, Sandra Jones, Joe Peel, Cindy Williamson and Bill Stegal presented the following recommendations that were approved by the Council for 04-05.

The Council agreed on keeping the same basic format for Annual Conference with the following changes:

- Improving student achievement will be the primary outcome.
- Add a pre-session on ABC Tools in addition to Data101.
- Increasing the number of consultants in data to six and budget to three to provide more individual team assistance.
- Recommend that districts bring testing coordinator
- Have breakout sessions on Best Practices for addressing areas of need identified by analyzing data.
- Email all districts and find out the primary issues for student achievement and solicit feedback on solutions.
- Registration rates should remain at 100.00 per member and 150.00 per non member due to limited school budgets.

Total Budget: $38,367.00

Note: Please refer to the packets of information for the program for the Number Game for more information about the conference held February 6-8, 2005 and evaluation summary.

04-05 Budget Report
February 2005

1	Item	Revenue 04-05	Budget 03-04	Budget 04-05	Expended	Balance
2	State Allocation for 04-05	283,500				
3	Carry Over from 03-04	4,079				
4						
5	**Item**					
6	Personnel and operating cost		96,452.00	93,333.00	62,400.00	30,933.00
7	Contracts	40,000.00	33,951.00	40,000.00	26,664.00	13,336.00
8						
9	Staff Development					
10	Materials and Supplies		6000	4000	1,400.46	2,599.54
11	FL Expenses		68,804.00	52,309.00	34,978.12	17,330.88
12	FL Participant Manuals		58,050.00	70,000.00	32,000.00	38,000.00
13	Sharing Days		27,000.00	18,300.00	6,000.00	12,300.00
14	State Conference		58,133.00	38,637.00	18,000.00	20,637.00
15	Committees		4,000.00	3,000.00	1,200.00	1800
16	Crucial Conversations			8,000.00	8000	0.00
17						
18						
19						
20						
21	TOTAL	327579	352,390.00	327,579.00	190,642.58	136,936.42

The budget for 03-04 including carry over and receipts is provided for comparison of changes for 04-05.

04-05 Budget Explanation

1	Item
2	This is the total state allocation for 04-05 paid in monthly installments of 23,625
3	This is total of carryover funds from 03-04 including encumbered funds.
4	
5	
6	Director's salary,administrative support salary, benefits, office rental, postal service, web site hosting, phone and office supplies.
7	The total contracted amount with the SBE
8	
9	
10	This includes materials and supplies needed for meetings and trainings.
11	Reimbursements for trainers at a rate of 500.00 per day, Masters Trainers @ 800.00 per day mileage, lodging, meals, rental @ state rates.
12	This item is figured at 100.00 per manual for 32 sessions of 20 participants and 250.00 per T4T for 1 session of 10
13	15 slots per district at an est. rate of 50.00 per person for 22 member districts and 5 partner districts
14	This is same allocation as last year estimated to cover half the cost of the conference to maintain lower registration fees.
15	Provides resources for the Network committees and Council meetings.
16	Estimated projections for one-two day session of Crucial Conversations estimated at 296.00 per person including materials
17	@ 175.00 per person, 1 overnight stay plus lunch and breaks.
18	
19	
20	
21	

North Carolina Network for School Based Management
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation					
Recurring (R)	$350,000	$315,000	$277,830	$283,500	$283,500
Non-Recurring (NR)	$0	$0	$0	$0	$0
Other Revenue Sources(See Notes)	$150,000	$0	$0	$20,000	$40,000
Carry Over	$98,834	$12,444	$55,665	$52,969	$4,079
Actual Year-End Expenditures	$586,394	$271,779	$280,526	$352,390	$325,000
Difference (Cash Balance)	**$12,440**	**$55,665**	**$52,969**	**$4,079**	**$2,579**

* Projected figures for FY 2004-05

Notes:

00-01: End of Goals 2000 grant

03-04: contract with State Board of Education

04-05: contract with State Board of Education

North Carolina Network for School Based Management

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	62,200	
2	Benefits	21,133	
3	Contractual Personnel Services	40,000	
4	**Total Personnel Services**	$123,333	37.65%
5	Building Rent/Lease	5,200	
6	Equipment Rental/Lease		
7	Travel	1,000	
8	Telephone/Cellular Phone Service	2,000	
9	Misc. Contractual Services		
10	**Total Purchased Services**	8,200	2.50%
11	General Office Supplies	1,000.00	
12	R&D / Educational Supplies		
13	**Total Supplies**	1,000	0.31%
14	Furniture		
15	Computers	800	
16	Other		
17	**Total Equipment**	800	0.24%
18	Discretionary Grants		
19	Directed Grants		
20	Loans		
21	Other, staff development/worksho	194,246	
22	**Total Aid & Public Assistance**	194,246	59.30%
23	**Total Reserves**		0.00%
24	**Total Other**		0.00%
25	**Total Budget**	327,579	100.00%

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THE NUMBERS GAME

TRANSLATING DATA INTO STRATEGIES FOR HIGH STUDENT ACHIEVEMENT

NCNETWORK

February 6-8, 2005 | Hilton Durham

Welcome

Welcome to the North Carolina Network's Seventh Annual School Improvement conference. This year's conference theme is "The Numbers Game-Translating data into strategies for high student achievement" and emphasizes the importance of using data to make decisions about improving student performance. The conference also helps the Network Council carry out its vision:

> *"All school improvement teams will have the knowledge and skills they need in order to make decisions that improve teaching and learning for their students."*

The Network Council believes that a school's good decisions are made based on data specific to the students, staff, and all aspects of the school. It is also their belief that the school staff needs to have the skills to analyze data about their own school and the students in their classroom. In addition it is important to have the most current information about the federal, state and local expectations and requirements for improving schools. These skills combined with the knowledge that teachers and administrators have about best practices all lead to achieving the "ABC's–Plus and AYP."

This year's conference as in the past has been developed around the feedback received at the previous conference. Teams will have more working time and more consultants in data and budget. They will have the addition of breakout sessions that feature best practices in developing strategies as well as planning processes. The team format will remain the same, which allows teams to work at their own pace. Since it is a working conference based on your school's needs, we ask in the confirmation for each team to bring specific types of data from which to work.

The Network Council has worked diligently to provide you with resources in the form of materials and consultants to work with your team. The consultants are here to answer any questions that you may have or to provide support. They are your tools so use them!

By the end of the conference you will have:

- A school improvement plan based on your students needs
- A list of changes in the current school laws, policies and regulations for the ABC's Plus
- A set of materials that include current policies, samples of school improvement plans, current budget information
- A set of strategies for dealing with student achievement needs including subgroups specified in NCLB
- Awareness of best practices for developing school improvement initiatives based on data
- Understanding of the ABC's tools so that you can access data at the school level
- A great time meeting colleagues from across the state

This year's features:

- Marc Prensky, founder of Games2train an e-learning company whose clients include IBM, Bank of America, Nortel and Nokia. He is an internationally acclaimed speaker, writer, consultant, futurist, visionary and inventor in the critical areas of education and learning. He is the author of the critically acclaimed Digital Game-Based Learning (McGraw-Hill, 2001). He is considered one of the worlds's leading experts on the connection between media games and learning.
- Howard Lee, Chairman of the State Board of Education will be on hand to offer his vision for North Carolina's Public Schools.
- Lou Fabrizio, Director of Accountability Services at NCDPI will provide the most current and up to date information on the state's accountability program.
- Rita Collie, David Holdzkom, Lane Mills are returning to help with interpreting data and we welcome Todd Blumenreich, NCDPI; Chuck Dulaney, Wake County Schools and Jackie Brown Smithwick, Pitt County Schools as additions to the team.
- Kerry Crutchfield is returning to help you with school budgets and joining him for the first time will be Robin Vick, Tyrrell County Schools and Ricky Lopes, Cumberland County Schools.
- Eric Hirsch, Vice President, Southeast Center for Teaching Quality and Ann McArthur, Teacher Advisor to Governor Mike Easley will provide the latest on the Teacher Working Conditions Survey data and how it can be used to predict student achievement.
- Ann White, humorist and motivational speaker is returning to close the conference with her stories about lessons learned in life and to provide us with the inspiration to go running to the next challenge.

Again, welcome and if I or any of the Network Council members can be of help to you, please let us know. We want this to be the best conference ever!

Myra Best

Myra Best, Executive Director

NCNETWORK **Coordinating Council**

THERESA BANKS
Madison Co. Schools

KATHY DICKSON
Cumberland Co. Schools

MICHELLE FAGAN
Brunswick Co. Schools

EMMETT FLOYD
Member At Large

JANET FURMAN
Craven Co. Schools

ROBERT HEFFERN
Rowan-Salisbury Schools

SAM HOUSTON
Member At Large

ALLEN JOHNSON
Asheville City Schools

ETHAN LENKER
Jones Co. Schools

KATIE McGEE
Brunswick Co. Schools

CAROLYN MCKINNEY
NC Association of Educators

TOM McNEEL
Caldwell Co. Schools

DANNY MCPHEARSON
Whiteville City Schools

JEFF MOSS
Beaufort Co. Schools

ANTHONY PARKER
Johnston Co. Schools*

NEIL PEDERSEN
Chapel Hill-Carrboro Schools

JOE PEEL
Wake Co. Schools

LARRY PRICE
Wilson Co. Schools

BILL STEGAL
Union Co. Schools

STEVE STONE
Edgecombe Co. Schools

ALLEN STRICKLAND
Hoke Co. Schools

ALAN TEASLEY
Durham Public Schools

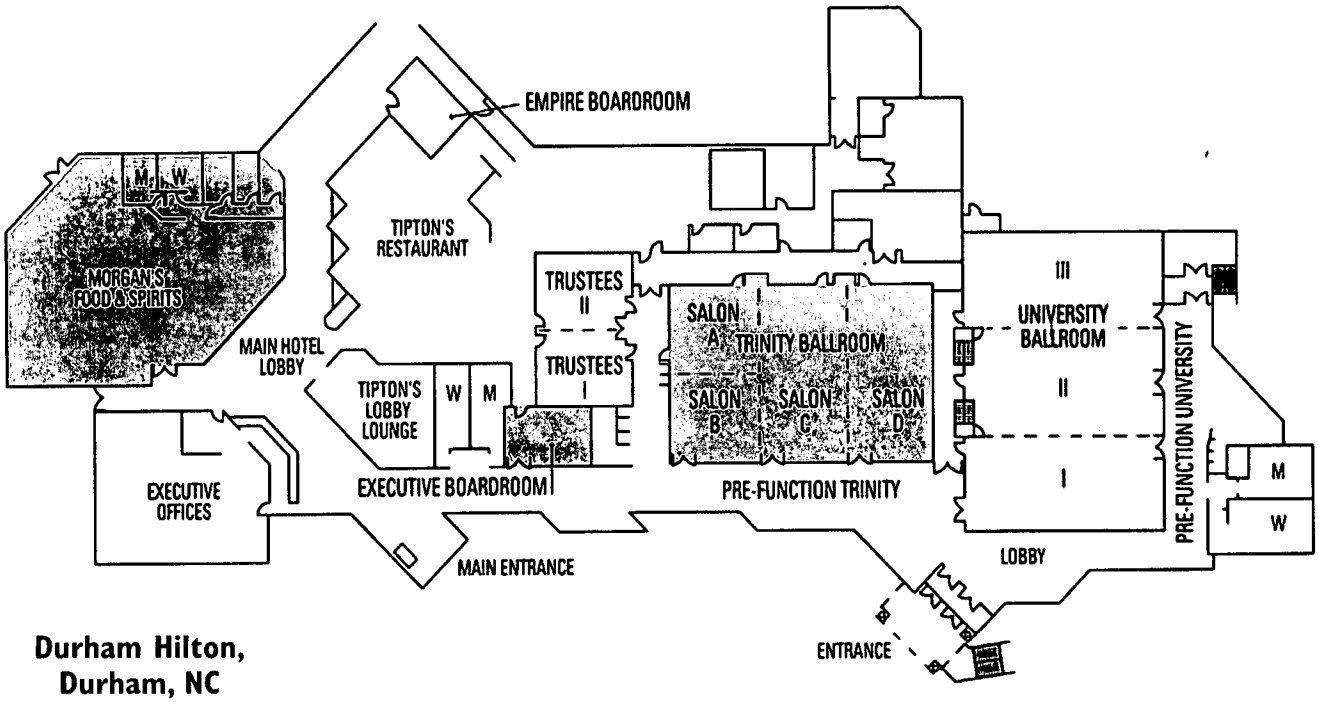
KENNETH WELLS
Perquimans Co. Schools

JAYNE WOLFSKILL
Hertford Co. Schools

BROCK WOMBLE
Hyde Co. Schools

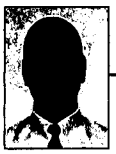
MYRA BEST, DIRECTOR
PMB 318, 514 Daniels Street
Raleigh, NC 27603
919.832.7215 • 919.832.0812
bestmyra@bellsouth.net\

* Represents Partner Districts



Durham Hilton,
Durham, NC

Data Consultants


Todd Blumenreich


Chuck Dulany


Lane Mills


Jackie Smithwick

Not Pictured
Rita Collie
David Holdzkom

Budget Consultants


Kerry Crutchfield


Robin Vick


Ricky Lopes

Resources

SPECIAL THANK YOU TO:

- Hewlett Packard for Computers and Printers
- Mary Yates, Retired Teacher, for managing the registration

ALL TEAMS WILL RECEIVE:

- Notebook for School Improvement Planning
- Notebook of Resources for School Improvement Teams

CONFERENCE PROGRAM

Sun. Feb 6

1:00pm

■ **ARRIVAL REGISTRATION** Prefunction Trinity

3:00pm

■ **PRE-CONFERENCE SESSION 1** University Ballroom I and II

FACILITATOR - Pat Calfee, *Curriculm Specialist/Staff Development, Beaufort County Schools*

CONSULTANTS - Rita Collie, *Education Consultant, Blowing Rock, NC;* David Holdzkom, *Education Consultant, Chapel Hill, NC;* Todd Blumenreich, *High School Testing Policy Consultant, NCDPI*

"Using Data to Drive School Improvement"
This session will be a discussion of ways that data can be used to improve student achievement for schools and classrooms. A number of ways of looking at information from testing and data will be shared as well as ways to present this information to staff and parents.

■ **PRE-CONFERENCE SESSION II** Trinity Ballroom C and D

FACILITATOR - Sandra Jones, *Assistant Superintendent, Edgecombe County*

CONSULTANTS - Lane Mills, Ph.d., *Assistant Superintendent, Wilson County Schools;* Chuck Dulaney, *Senior Director for School Accountability, Wake County Public Schools;* Jackie Brown Smithwick, *Testing Coordinator, Pitt County Schools*

"The Basics of the ABC Tools"
This session will provide the basics on using the ABC tools including importing and exporting data into spread sheets from the district to the school to the classroom, It is recommended that those teams who have not used the ABC tools attend this session in order to prepare themselves for the rest of the conference.

5:30pm

■ **PRE-CONFERENCE DINNER** University Ballroom


Marc Prensky

FACILITATOR - Neil Pedersen, *Superintendent, Chapel Hill-Carrboro Schools*

INVOCATION - Cindy Williamson, *Director, Whiteville City Schools*

KEYNOTE SPEAKER - Marc Prensky, *Author, Consultant, Futurist*

"Engage Me or Enrage Me" Educating Today's "Digital Native" Learners
All educators are struggling to find ways to get today's kids more involved in their schoolwork. The key, says Prensky, is not curriculum, certification or testing, but rather ENGAGEMENT. He argues forcefully that this generation is NOT in need of better content, but of more engaging approaches, more understanding, and 21st century skills. To best help today's unengaged students learn, says Prensky, we need to provide them with learning that motivates them, and the first place to look for help is where the kids are already involved most – in their media games. Prensky will show specifically how media games engage kids, and how educators can employ and benefit from not only existing games but also the powerful educational principles behind them.

See the Super Bowl immediately following dinner on multi large screen televisions in the newly renovated Morgan Food and Spirits Sports Bar!

Monday
Mon, Feb 7

7:30am ■ **REGISTRATION AND CONTINENTAL BREAKFAST** Prefunction Trinity

8:00am ■ **OPENING SESSION** University Ballroom

FACILITATOR - Keith Beamon, *Assistant Superintendent, Johnston County Schools*

CONSULTANTS - Rita Collie, *Education Consultant, Blowing Rock, NC;* David Holdzkom, *Education Consultant, Chapel Hill, NC;* Lane Mills, Ph.d., *Assistant Superintendent, Wilson County Schools;* Chuck Dulaney, *Senior Director for School Accountability, Wake County Schools;* Jackie Brown Smithwick, *Testing Coordinator, Pitt County Schools;* Todd Blumenreich, *High School Testing Policy Consultant, NCDPI*

"Utilizing Data to Make Decisions"
From the level I to level IV, in this session teams, will work with their own school's data using the ABC tools and other methods to analyze data and make decisions about improving student performance. Whether you a beginner or expert, the consultants meet you and your team where you are in working with data.

9:30am ■ **BREAK AND REFRESHMENTS** Prefunction Trinity

10:00am ■ **WORKING SESSION II** University Ballroom

Teams and consultants will continue working.

12:00am ■ **LUNCHEON** University Ballroom

FACILITATOR - Larry Price, *Superintendent, Wilson County Schools*

INVOCATION - *Penny Lloyd Baldridge, Assistant Superintendent, Carteret County Schools*

FEATURED SPEAKER - The Honorable Howard Lee, *Chairman, State Board of Education*
"Moving Beyond the Numbers: the State Board of Education's Vision for Public Schools"

PRESENTER - Lou Fabrizio, *Director of Accountability Services, NCDPI*
"ABCs and AYP Accountability Update"

1:30pm ■ **WORKING SESSION III / BREAK OUT SESSIONS**

Teams may attend the break out sessions or continue working with the data consultants in the University Ballroom.

"Using small learning communities (academies) and rigorous learning to transition the school culture to one of high achievement" Trinity A

PRESENTER - Bob Wilkerson, *Principal of South Brunswick High School, Brunswick County*

This session shows how SBHS used effective scheduling and academies to increase the number of students taking honors and AP courses by 400% in just three years. During the same three-year period the school improved its overall EOC proficiency by 16.6 points and the SAT average score by 66 points. You will receive the information you need to start your own freshman to advanced studies transitioning program (Freshman Academy & Advanced Studies Academy) for gifted and potentially gifted learners. This innovative, highly structured, teamed approach, which begins in the 9th grade and continues through the senior year, transforms the learning culture of the high school. The entire process promotes the spirit of team among both staff and students.

"Advanced Data Analysis for School Improvement" Trinity D

PRESENTER - Lane Mills, Ph.d., *Assistant Superintendent, Wilson County Schools*

Participants will learn how to use Microsoft Excel, Microsoft Access and SPSS to develop more detailed and refined analysis of their data to help guide improvement efforts.

"One Plan for ALL! SIP/CASI/Title I Planning" Trinity C

PRESENTER - Laura Bilbro-Berry, *Director of Federal Programs;* Patricia Calfee, *Curriculum Specialist/Staff Dev. Coordinator;* Michele Oros, *Grant Writer and CASI District Liaison, Beaufort County Schools*

Participants will see how Beaufort Co. Schools has combined the Council on Accreditation and School Improvement (CASI) Standards and the required Title I Components into one School Improvement Plan format. A framework for planning sessions with teams of teachers and principals from each of the fourteen schools in the system will be outlined. Participants will get a first hand look at how this format for school improvement planning is comprehensive band saves schools time and energy.

"Who Decides – the Role of the SIT and SBM" Trinity B

PRESENTER - Myra Best, *Executive Director, NC Network*

What is the role of the SIT and who decides? How do you gather together busy teachers, administrators, parents and other school staff to develop a plan that really changes student achievement? Should it be a 3 year plan or a five year plan? Who makes the final decision?

2:45pm ■ **BREAK AND REFRESHMENTS** Prefunction Trinity

3:00pm ■ **WORKING SESSION III / BREAK OUT SESSIONS**

Break Out sessions continue and Consultants continue working with individuals Teams on data.

"A Tale of Three Poor Little Schools" Trinity D

PRESENTERS -Tom McNeel, *Superintendent, Caldwell County Schools;* Adrienne McKinnon, *Total Quality Coordinator, Caldwell County*

Hear about the journey of three poor, low performing schools who made their way to 95%, 95% and 90% in 2004-05 by using the three services deemed necessary in *Leandro II*, a quality principal, competent teachers and appropriate resources.

"Developing Your School's Organizational Identity: Know Thyself" Trinity B

PRESENTER - Joe Peel, *Director, Wake Leadership Academy, Wake County Schools*

This session is designed to answer five questions:
1. Why is organizational identify important?
2. How does one define organizational identify?
3. What is the relation between organizational identity and school improvement?
4. How do I lead the process of discovering our organizational identity?
5. How do I make our shared identity an integral part of our organizational life that drives improvement?

"Financial Flexibility – Do We Want or Need it?" Trinity C

PRESENTER - Robin Vick, *Director of Finance and Accountability, Tyrrell County Schools;* Kerry Crutchfield, *Finance Officer, Winston-Salem Forsyth Schools;* Ricky Lopes, *Finance Officer, Cumberland County Schools*

Explore the purpose of financial flexibility with these Finance Directors. You will learn how to negotiate state policies and develop practices for obtaining financial waivers.

"Data: What it Really Tells Us" Trinity A

PRESENTER - Todd Blumenreich, *High School Testing Policy Consultant, NCDPI*

High School Data tells a different story for accountability. This session will provide information about the data available and what it really means for student success.

6:00pm ■ **MARDI GRAS** University Ballroom

Get your beads and masks ready to dance, juggle, see the magician and have your fortunes told!

Tuesday
Tues. Feb 8

7:45am ■ **CONTINENTAL BREAKFAST** Prefunction Trinity

8:30am ■ **WORKING SESSION IV** University Ballroom


Eric Hirsch


Ann McArthur

FACILITATOR - Adrienne McKinnon, *Total Quality Coordinator, Caldwell County Schools*

PRESENTER - Eric Hirsch, *Vice President, Southeast Center of Teacher Quality;* Ann McArthur, *Teacher Advisor to Governor Mike Easley*

"Predicting Student Achievement with the Teacher Working Conditions Survey results"
Late breaking news! The results from the Teacher Working Conditions Survey can be used to predict student achievement. This session will focus on how those results can be used to create conditions conducive to improving student achievement as well as how you can use those same results to predict student achievement.

9:45am ■ **BREAK AND REFRESHMENTS** Prefunction Trinity

10:00am ■ **WORKING SESSION V** University Ballroom

FACILITATOR - Carolyn McKinney, *Vice President, NC Association of Educators*

PRESENTERS - Kerry Crutchfield, *Finance Officer, Winston-Salem Forsyth Schools; Robin Vick, Director of Finance, Tyrrell County Schools; Ricky Lopes, Finacnce Officer, Cumberland County Schools*

"School-based Budgeting for School Improvement"
This session will help teams identify resources that may be leveraged toward school improvement goals and strategies for the most efficient/effective uses of those resources.

11:15am ■ **BREAK AND REFRESHMENTS** Prefunction Trinity

11:30am ■ **CLOSING SESSION** University Ballroom


Ann White

FACILITATOR - Bob Heffern, *Assistant Superintendent, Rowan-Salisbury Schools*

PRESENTER - Ann White, EdD., *Humorist and Motivational Speaker*

"You Want me to Do What When?"
Dr. Ann White is back! She is returning to share humorous stories of life in a small town with truisms that challenge you to live positively. You will love her powerful message delivered with Southern charm and a down to earth style. These characteristics, combined with her extensive experience as an educator and leader, makes the struggle to achieve high success in a stressful school environment a bit lighter and a lot more fun.

The **NC Network** is a collaborative of school districts, East Carolina University, National Education Association (NEA), North Carolina Association of Educators (NCAE), North Carolina Science, Mathematics and Technology Center, New Schools Project and Southeastern Region Vision for Education (SERVE). The Network Member Districts are:

Asheville City
Beaufort County
Brunswick County
Buncombe County
Caldwell County
Chapel Hill-Carrboro
Craven County
Cumberland County
Durham Public Schools
Edgecombe County
Hertford County
Hoke County
Hyde County
Jones County
Madison County
Perquimans County
Rowan-Salisbury Schools
Union County
Wake County
Whiteville City
Wilson County

Partners
Granville County
Carteret County
Johnston County
Pender County
Mt. Airy City

School Improvement Planning Committee

Myra Best, Director, NC Network
Sandra Jones, Associate Superintendent, Edgecombe Co. Schools
Ron Montgomery, Former Superintendent, Hyde Co. Schools
Anthony Parker, Superintendent, Beaufort Co. Schools
Allen Strickland, Superintendent, Hoke Co. Schools
Alan Teasley, Grants Administrator, Durham Public Schools
Mary Yates, Counselor, Brunswick Co. Schools

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Les Tubb, Brunswick Co. Schools
Kenneth Wells, Perquimans Co. Schools
Vacant, School Board
Brock Womble, Hyde Co. Schools



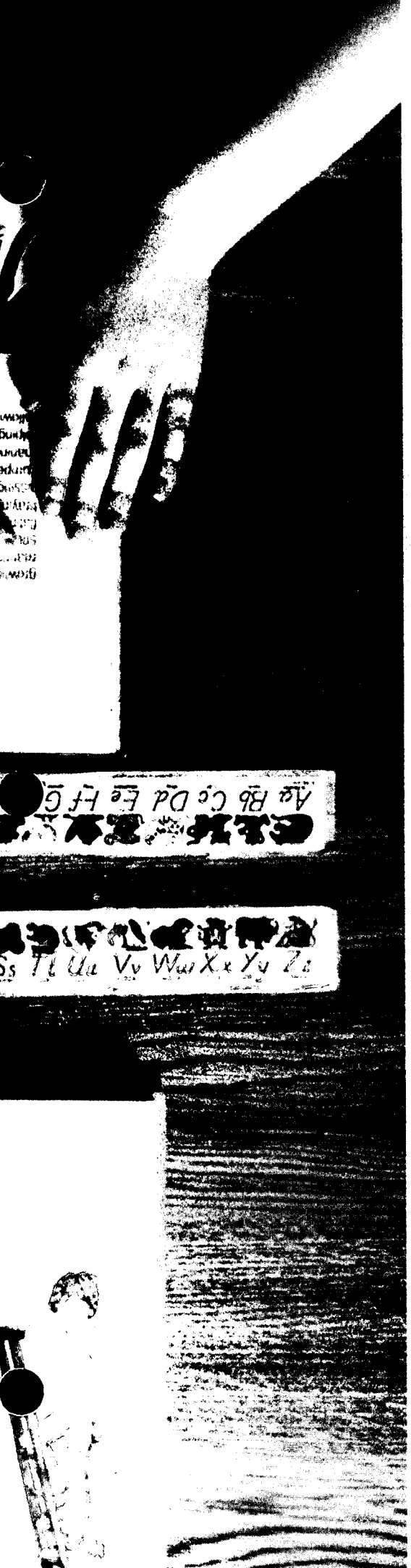


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Introduction

Schools throughout the nation and especially in North Carolina are under pressure today like at no other time in history to ensure that they are effective in carrying out the mission charged to them. While there is some disagreement about the precise nature of that mission, it is clear that a major expectation concerns academic preparation of students. That is, the ability to read well, write clearly, and think mathematically are all valued highly by parents, businesses, and government leaders. To the degree that schools are unable to teach students, they will continue to be threatened by sanctions and punishments in terms of public embarrassment, reduction of funds, and loss of discretionary decision-making authority.

In North Carolina, the General Assembly has passed legislation that calls for each school in the state to prepare and/or revise a school improvement plan annually. The plan is to be prepared by a school improvement team consisting of representatives of school administration, teachers, instructional support personnel, teacher assistants, and parents. The plan developed by this team is to be submitted to and voted on by the school faculty and staff. If adopted, the plan is then submitted to the local board of education, which can accept or reject the plan. If the board accepts a plan, it may not make substantive changes in the plan. If the board rejects a plan, it must state with specificity what in the plan is objectionable. This planning process, of course, rests on the outcomes of the school testing program and is intended to reflect the results demonstrated by students who attend the school.

While many professionals who work in schools may complain about this reliance on testing, and while some special interest groups may work against tests and their use in schools, it is nevertheless true that, for the present, tests, especially of reading and mathematics, will continue to play a major role in determining which schools are effective and which schools are not effective. For educators in North Carolina, this is not a new phenomenon. Since school year 1992/93, essentially all students in North Carolina schools in grades 3-8 have been tested annually in reading and mathematics, with writing assessments being added in various grades (currently, grades 4, 8, and 10). Moreover, high school students in our state are tested in 10 subject areas stretching across the basic divisions of social studies, science, mathematics, computers and language arts. Testing is not new in North Carolina.

What may be new is the informed use of the results of these tests for planning and implementing programs of school improvement. In many schools and many communities, the results of the testing program are a little bit like the results of a horse race: we seem more interested in who "won" than in what the scores tell us about how to influence the future. Part of the reason that test scores can be effectively used to humiliate schools is that so much importance is put on competition between and among schools. This reflects a long-time belief that some schools are "better" than others and always have been. In many communities in our state it is well known that students at School X have always been "at the top" and no one appears to care very much whether those schools get better. Contrariwise, some schools are not very good and many people don't expect them to be, especially when the community doesn't expect much from the children who attend those schools or from their families.

In order to improve, however, schools need to take advantage of all the information about their past performance that is available to them. George Santayana, an American philosopher, is supposed to have said that those who will not learn from history are doomed to repeat it. So it is with measures of school performance. We can learn about how our schools and classes operate from the data available to us. Depending upon what we learn, we can change our schools so that they become increasingly effective. In the pages that follow, we will discuss various kinds of data that are readily available to schools and how these data can be used to plan and implement improvements. We will also consider some data that are not so readily available but that may provide enormous value in planning for school improvement. We should not, however, believe that only poorly performing schools need to improve. All schools –

even schools in which students achieve well – can improve. The targets of improvement will certainly be different. Nevertheless, all schools can improve. The goal, then, is to prepare teachers and principals to take advantage of the information that is available so that they can create the most productive, most effective learning environments possible.

For many educators, the topic of data analysis and use is not the most exciting thing to think about. Too many of us remember with uneasiness the courses we may have taken in college devoted to testing and measurement or statistics. In this publication, every effort will be made to present such concepts and topics in contexts that make sense to school people. The emphasis is on understanding these ideas so that they can influence our actions, especially those actions intended to improve education for the students we teach every day. A basic understanding of mathematics will be helpful, of course, but most of what we talk about will benefit more from common sense than from any specialized notions of statistics.

It may be helpful to think about statistics and data as the language that complex organizations use to talk about the very complexities that characterize the organization. Often, the results of one organization seem quite different from results obtained in another organization. Statistics can help smooth out the differences to allow comparisons that are meaningful. Think about the differences, for example, between high schools and elementary schools. How might we determine that a given high school is more effective than a neighboring elementary school? At first glance, it's easier to focus on the differences than the similarities. Yet, both organizations are committed to fostering the academic growth of their students. Can we then find a meaningful measure of academic growth? Statistics about student achievement allow us to do that, so that honest and helpful comparisons between the two schools can be made.

On a different level, statistics allow us to judge whether the improvement efforts we have carried out have been successful. If we know that a staff development program aimed at improving geometry understanding in elementary schools required X amount of effort (teacher time for staff development, or dollars to buy geo-boards for classroom use, or time spent on geometry instruction) then we can calculate whether the investment resulted in the hoped for pay-off. How much better have students learned geometry? Well, what were their scores on this part of the mathematics test? Now, do we wish to continue this effort, or not? Were the pay-offs worth the investment? Statistics lets us measure and compare these different quantities and then make informed decisions.

One reason that data are so important is that, like it or not, data about schools' success are widely communicated – even if not well understood – and are used within a community to talk about school success. Therefore, it also becomes important that every educator understand what statistics and data will be used to measure the work that the school performs. Furthermore, a familiarity with some basic statistical concepts will allow school people to help educate the community about the meaningfulness of measures of school success. For example, there is an important difference between correlations and causal relationships. A correlation exists when two conditions occur simultaneously. Thus, it is commonly observed that schools that test a large percentage of students using the SAT often have lower average scores than do schools that test a relatively small number of students using the SAT. Testing a small number of students, however, doesn't cause high scores. What would happen if five students who had never studied algebra all decided to take the SAT? Obviously, they would probably earn a lower average score than would a large number of students who had studied algebra, since the SAT includes many algebra-related questions.

> The results of the testing are like a horse race: we seem more interested in who "won" than in what the scores tell us about how to influence the future.

Similarly, many people confuse the relationship between poverty of students' families and scores. While there is a correlation, the relationship is not causal. Economically-deprived students can learn well and can earn high test scores as a result of their learning. Thus, in using statistics to talk about organizational effectiveness, it is important to recognize the limitations, as well as the possibilities that data analysis provides.

Quality Organizations

Before jumping into issues of data analysis and use, however, it may be helpful to think about organizations that use data and how and why they use them. The notion of "quality organizations" is an idea that is increasingly spreading through the education community in our state. Essentially, a quality organization is one that is effective at accomplishing, in a principled way, the mission it has accepted. Some of the principles that are included in this "principled way" include the values of democracy: that every student is capable of learning well and that every person in the school is of inherent value. Some of the principles include professional commitment to ensuring that the public gets the best efforts of the adults who work in the school. Other principles have to do with honesty and seeking improvements rather than seeking to place blame for short-comings. Other important principles include being responsive to the needs of the community and families served by the school and striving to improve one's own work.

Characteristics of "Quality" Organizations
While different experts in organizational development have proposed different characteristics of "quality organizations", four of those seem to figure prominently on most lists. Quality organizations:

...are mission-focused.
That is, they understand what they are supposed to do and how to do it. If a given activity doesn't contribute to accomplishing the mission, it probably isn't done. Every idea can be evaluated in terms of how it will help accomplish the mission of the organization.

...are responsive to customers.
While many educators dislike the notion of "customers" in education, it is the concept more than the term that is important. Identifying who the customer is, what the customer expects, and how the organization will communicate with the customer are hallmarks of quality organizations. Whether you identify the "customer" as the student you teach, her family, or the larger community that supports the operation of the schools, it is important to communicate with the customer so that the relationship of service to the customer is clear.

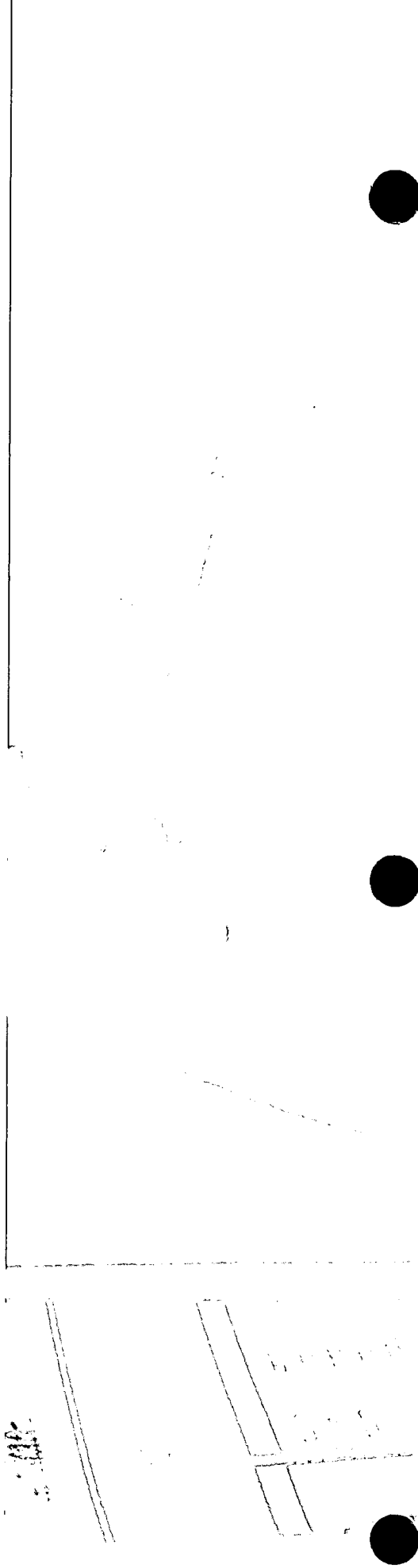
...make decisions based on the best available data.
Notice that this isn't the same as saying "data make decisions". In quality organizations, there is no question that the best qualified professionals make decisions. However, to the extent possible, these decisions should be informed by whatever data are available that bear on the issue to be decided. In some cases, these data will be numbers: test scores, attendance records, budgets. In other cases, the data will represent the wisdom of expert practice. In any case, the decision will, to the extent possible, be based on data and will reinforce achievement of the mission.

...are engaged in continuous improvement.
Most people believe that there are more than one way to accomplish virtually any given task. Indeed it is the need to choose between alternatives that makes life, especially in schools, challenging. Quality organizations realize that improvement in all aspects of their operation is not only possible, but that it is essential if the organization is to continue to be effective. This is one of the reasons why there is so much emphasis on "best practices" in quality organizations. Best practices are identified by the organization and by organizations engaged in similar activities. A well-known effective schools researcher has said that schools are either improving or declining; there's no such thing as standing still. Recognizing this, quality organizations are committed to continuous improvement.

What Data are Available in Schools?

DPI Testing
When we think about school-level data, two data sources spring to mind. First, there are the data associated with student achievement. For the most part, these are available to schools from the NC DPI testing software. Because students' tests are machine-graded, all of the data on the test paper can be processed by a computer program. Thus, a number of different reports are pre-programmed for use by school staff. These reports include group averages at both the class- and the school-level, analyses by gender and/or ethnic background, reports of performance by students with identified exceptionalities, and so on. These reports can be extremely useful in planning instruction for all students, for examining performance by instructional goal and so on.

SIMS
Another important data source is represented by the Student Information Management System (SIMS). While we are witnessing a change from an older SIMS to a new one, most of the information contained in the two systems is the same. SIMS includes information about student attendance, student discipline, family language use, qualification for free/reduced price meals, and so on. In most schools, the information contained in SIMS plays very little role in school improvement planning, and yet, the information is rich in meaning. For example, we know that there is a powerful correlation between student attendance and student achievement. While the precise nature of the relationship is less clear, it is nevertheless the case that, in order for students to learn, they must be present. Therefore, paying attention to the number of tardies or absences accumulated by a student or group of students may offer a way to bring about improved learning. SIMS is a source for this kind of information.



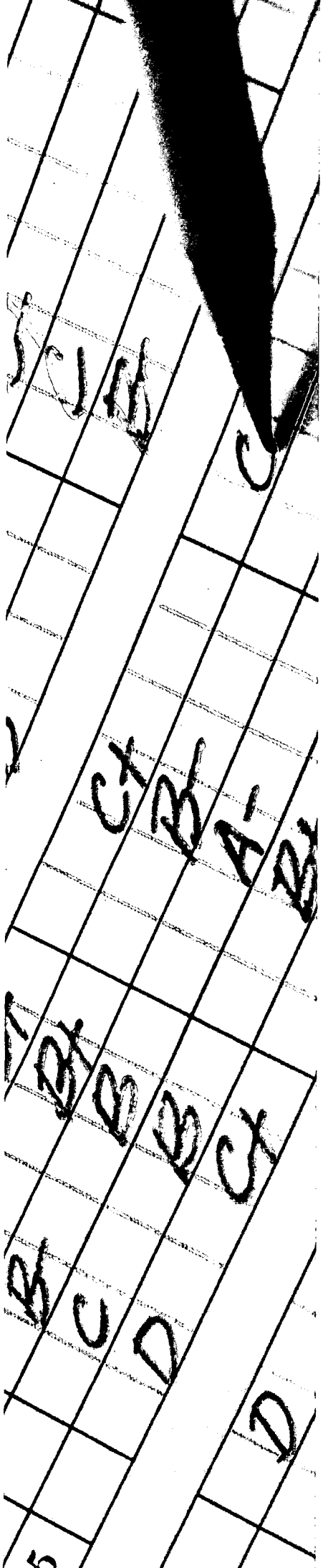
Faculty/Staff
Other data that are available from the school or district concern the school faculty and staff. While the use of such data requires sensitivity (as does the use of student data), it may be important to learn how much time teachers are away from their classes for whatever reason. Are teachers absent because of illness at this school more than at other schools? Are teachers absent for participation in staff development? Such information allows us to ask whether the school is benefiting from such staff development. Is the benefit worth the cost? That is, are students learning more because of this staff development training? Additionally, information about teacher preparation, past work experience, and similar information can help bring understanding of past school outcomes to a discussion of plans for the school's future.

School Budget
An important data source that is often over-looked by many who are working on school improvement is the school budget. While there are some special rules that have to do with budgets, they are really fairly simple to read. Unfortunately, some people still believe that budgets should be fairly closely guarded secrets, accessible only to a select few. State law, however, requires that some of the parts of the budget must be publicly shared and decided upon. This makes sense, since the faculty, staff and public (represented often by parents) must make decisions about the improvements needed by the school and this, necessarily requires that commitments of funds must be made. At a minimum, school people should be aware of funds available for staff development, instructional supplies and materials, text books, and similar purposes. School budgets are very little different, really, from personal or family budgets. They represent the resources that will be available to the school for all spending. The expectation is that the funds will be sufficient for operation of the school. After essential supplies, services, and costs are covered, then the school should be able to make specific decisions about the balance. These funds should, of course, be aligned to the goals for improvement that have been agreed upon by the school improvement team.

Other Data
In addition to these "regular" data sources, there are numerous pieces of information that are not regularly collected but that may be important for school improvement efforts. It is well known, for example, that students who are active in the extra-curricular activities of school – whether these be sports, cultural arts, curriculum-related clubs, or service clubs – are more likely to attend school every day and to be more successful, both behaviorally and academically. Yet, most schools do not track, in any systematic way, the number of students who participate in such activities. A strategy for reducing student misbehavior might include getting students involved in extra-curricular activities. Yet, who would we ask to identify students who might benefit from such an effort?

Other examples of such needed data include the holdings of classroom libraries, the kind of feedback about performance that teachers value and are likely to benefit from, the number of students who are tardy on special days (e.g., Mondays, the day after a long holiday, the day before such a holiday, etc.). These kinds of data are available, and could be extremely helpful, but are not currently collected in a systematic way. The point here is not to count everything that moves, but rather to figure out which data would be helpful in planning or implementing a school improvement program and then to figure out how to acquire such information.

In the sections that follow, we will consider each of these kinds of data. The goal is to enable people who carry out the important work of schooling to understand and be able to use the data that are available to them for planning and carrying out school improvement activities. Since knowledge is power, it is important that the people who are charged with carrying out these improvements in education be as powerful as possible. In his book *A Place Called School*, John Goodlad says that in his study of schools across the nation what he found was that schools did not need more information. What they needed was to use the information that they had available. Helping make sense of the data available and pointing out ways in which those data can be used is the purpose of this document.



Measures of Achievement

End of Grade Testing

For planning and school improvement purposes, probably the most important source of information is the testing file, which includes End of Grade (EOG) and End of Course (EOC) scores and other information for every student tested in the school. While these test files are not the only source of information about student achievement, they represent the source that is used for a variety of decisions about school performance, including a school's ABCs status and promotion decisions for students in some grades. Therefore, understanding how these tests work is extremely important for planning school improvement.

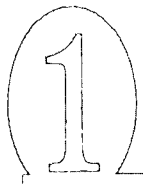
The EOG tests of reading and mathematics were first used in 1992/93. With few exceptions, every student in Grades 3-8 is expected to participate in this testing program. Because the EOGs reflect the content of the North Carolina Standard Course of Study, there are no surprises on the tests. That is, it is assumed that every student has had the opportunity to learn the goals and objectives of instruction in reading and mathematics for the particular grade. Since the questions on the EOG tests are confined to those goals and objectives, theoretically, every student should be prepared to be successful on the tests.

The EOG tests are unlike other tests with which you may be familiar. As we've already mentioned, they are curriculum-specific. Many tests used nationally (the CAT or the Iowa tests, for example) reflect a national consensus about what students should know in a given grade level. The EOGs were developed in North Carolina, with the assistance of North Carolina educators to mirror the expectations included in the Standard Course of Study. The EOG tests were designed as criterion-referenced tests, rather than as norm-referenced tests. A criterion-referenced test is one in which the score refers to the amount of material learned rather than to the performance of the student in comparison to the performance of all other students.

An excellent example of a criterion-referenced test with which most people are familiar is the North Carolina driver's licensing test. Since there is no limit to the number of driver's licenses that can be issued, there is no need to create a test that compares one driver's skill or knowledge to another driver's skill or knowledge. Rather, it is important that every driver demonstrate a sufficient level of skill and knowledge to enable the state to certify that this person possesses that sufficient level. Similarly, a criterion-referenced test of mathematics is designed to enable every student to demonstrate that he or she has attained a level of skill and knowledge that will facilitate success at the next grade level. By studying the curriculum and the expectations of teachers about the skill and knowledge that students need to be successful, DPI testing specialists are able to establish "cut scores" that represent different levels of academic achievement. These cut scores are based on the curriculum content, not on how well other students are expected to do or have done on these tests. Therefore, the most important statistic associated with the EOGs is the developmental scale score.

A developmental scale is like a yard-stick. That is, the score points are continuous along the scale and allow individual scores to be analyzed in terms of expected achievement for the grade. Another example may be helpful. When we are interested in measuring the height of children, we can use a yard-stick in a number of ways. First, we can measure the absolute height of the child. Then, we can compare this measure to the normal range of development for other children of similar age. Finally, we can, if we have measures of height taken at two different times, measure the change from one measurement to another. Moreover, we use the same yardstick to measure the height of children regardless of their chronological age. The measure is independent of the person being measured.

Similarly, the development scale used for EOGs allows all of these comparisons. The scale was originally set to run between 100 and 200. It was expected that, on average, students in Grade 3 would receive lower scores than would students in Grade 8. It was possible, of course, that some individual students in Grade 3 would get higher scores than



End of Grade Tests: SCORE RANGES WITHIN ACHIEVEMENT LEVELS

Grade	Subject	Metric	Level 1	Level 2	Level 3	Level 4
3 Pre-test	Reading	Scale Score	119-127	128-132	133-144	145-172
3	Reading	Scale Score	115-130	131-140	141-150	151-172
4	Reading	Scale Score	119-134	135-144	145-155	156-174
5	Reading	Scale Score	124-138	139-148	149-158	159-178
6	Reading	Scale Score	124-140	141-151	152-161	162-183
7	Reading	Scale Score	126-144	145-154	155-163	164-183
8	Reading	Scale Score	132-144	145-155	156-165	166-187

Grade	Subject	Metric	Level 1	Level 2	Level 3	Level 4
3 Pre-test	Math	Scale Score	211-219	220-229	230-239	240-260
3	Math	Scale Score	218-237	238-245	246-254	255-276
4	Math	Scale Score	221-239	240-246	247-257	258-285
5	Math	Scale Score	221-242	243-249	250-259	260-295
6	Math	Scale Score	228-246	247-253	254-264	265-296
7	Math	Scale Score	231-249	250-257	258-266	267-307
8	Math	Scale Score	235-253	254-260	261-271	272-310

End of Course Tests: SCORE RANGES WITHIN ACHIEVEMENT LEVELS

Grade	Subject	Metric	Level 1	Level 2	Level 3	Level 4
9	Algebra 1	Scale Score	23-44	45-54	55-65	66-87
9	English 1	Scale Score	22-42	43-51	52-60	61-85
9	ELPS	Scale Score	21-42	43-51	52-60	61-87
10	Biology	Scale Score	26-46	47-54	55-64	65-87
10	US Hist	Scale Score	27-47	48-56	57-64	65-87
10	Eng 2	Assigned	0.0-1.5	2.0-2.5	3.0-3.5	4.0-6.0

Achievement Level 1: Students performing at this level do not have sufficient mastery of knowledge in this subject area to be successful at the next level.

Achievement Level 2: Students performing at this level demonstrate inconsistent mastery of knowledge and skills in this subject area and are minimally prepared to be successful at the next level.

Achievement Level 3: Students performing at this level consistently demonstrate mastery of the subject matter and skills and are well-prepared for the next level.

Achievement Level 4: Students performing at this level consistently perform in a superior manner clearly beyond that required to be proficient at the next level.

would some students in Grade 8. The point, however, was that the scale would allow measurement of achievement without being limited by the grade-level of students taking the test. Over time, the scale has worked well, although adjustments have been needed. Perhaps surprisingly, when the Pre-test for Grade 3 was added, the scale did not have to be adjusted downward. But when the High School Comprehensive test was added, the scale needed to be pushed up to include the higher achievement level of these students. It should be noted that the scales for reading and mathematics are independent of one another. Before the 2000/01 school year, both scales included the 100-200 range, but students' scores in reading were not necessarily related to their scores in mathematics. In the 2000/01 school year, the scale for mathematics was changed so that it now runs from 200 to 300, while the reading scale remains the same as before.

For each grade, the developmental scale can be divided into four achievement levels. The achievement levels serve to divide a group of scores into easier batches, where some kinds of rough comparisons between the two scales can be made. Chart 1 on page 7 displays the scales and achievement levels for each grade level and test. The cut scores for each achievement level have been established based on the description of performance indicated on the chart. It is possible to compare mathematics and reading achievement at the achievement level meaningfully, although the individual score points do not permit such comparison. Thus, we would be surprised to find a student earning a Level 4 score in reading and a Level 1 score in mathematics. Because the two subjects use different scales, point comparison between them are not meaningful, but comparing achievement levels may be.

Unfortunately, when the score of an individual student is reported, there is little information provided other than the score. That is, the questions answered correctly are not reported for individual students, so there is little benefit for planning instruction for individual students from the EOG tests. This problem is related to the original intention of the EOG testing program. Originally, the EOGs were intended to measure the degree to which the curriculum laid out in the *Standard Course of Study* was being implemented. Since there are many objectives within both the reading and mathematics curriculum at each grade level, a test that yielded a valid measure of individual success would be very long – much longer than most students could handle. Therefore, it was decided to develop three parallel forms of each test. (By "parallel", it is meant that each form of the test is as difficult as the other two forms; they do not include the same questions, nor does each form cover the same objectives.) This would allow multiple questions for each objective to be asked, but no single student would have to answer questions about all objectives. By combining the results for a group of students, some of whom had used each of the three forms, a valid assessment of the learning of the group could be obtained and performance at the group level could be analyzed.

As mentioned, the scale for mathematics has recently been changed. This change will mean, among other things, that a study will have to be completed to allow equation of scores on the new scale with scores on the old scale so that growth comparisons (as well as organizational performance histories) can be calculated accurately. Therefore, while the concepts and principles discussed above will not be different because of the new scale, educators should realize that the scales printed above changed for mathematics, beginning in school year 2000/01.

The achievement levels serve to divide a group of scores into easier batches, where some kinds of rough comparisons between the two scales can be made.

The Goal Summary Report

A useful report reflecting group level performance in a very specific way is the "Goal Summary Report", an example of which may be found on the next page. This report provides information about student achievement on specific goals and objectives of instruction.

The Goal Summary Report (Chart 2 on page 9) represents the reading and mathematics test results for all 3rd grade students in a given school. Similar reports can be generated for all students at the same grade level in a class, in a grade in a school, or in a grade within a district or the state. Here's how to read this report. Begin by noticing that the upper part of the report provides basic information on the school whose achievement is being reported. In our example, we can see that 99 students in Grade 3 were tested in reading and that their average scale score was 149.7. At the bottom of the report, we can see that 42 students took the test using Form O, 30 used Form P, and 27 used Form Q.

The second part of the report analyzes performance in reading. In the reading curriculum there are three goals, with several individual objectives within one of the goals. The report shows the number of questions asked on all three forms of the test, sorted by goal and objective. It also shows the percentage of questions answered correctly by this group of students. Thus, it can be seen that, for this group, 64.9% of questions related to Goal 3 were correctly answered. Because all of the questions for each objective aren't equally difficult, it is wise to remember that this report provides only a rough picture of student achievement for this group. It is not possible to equate the responses from one goal with those of another in a scientific way. Nevertheless, this report does give a view of student achievement that is more helpful than simply the average for the group on this test.

The third part of the report shows achievement in mathematics. Again, we see the number of students whose tests are included in this report. It should be noted that the number of students tested in mathematics may be different from the number tested in reading for a variety of



Goal Summary Report: READING AND MATHEMATICS GRADE 3

Public Schools of North Carolina End-of-Grade Tests 1998/99

Reading (average of averages)

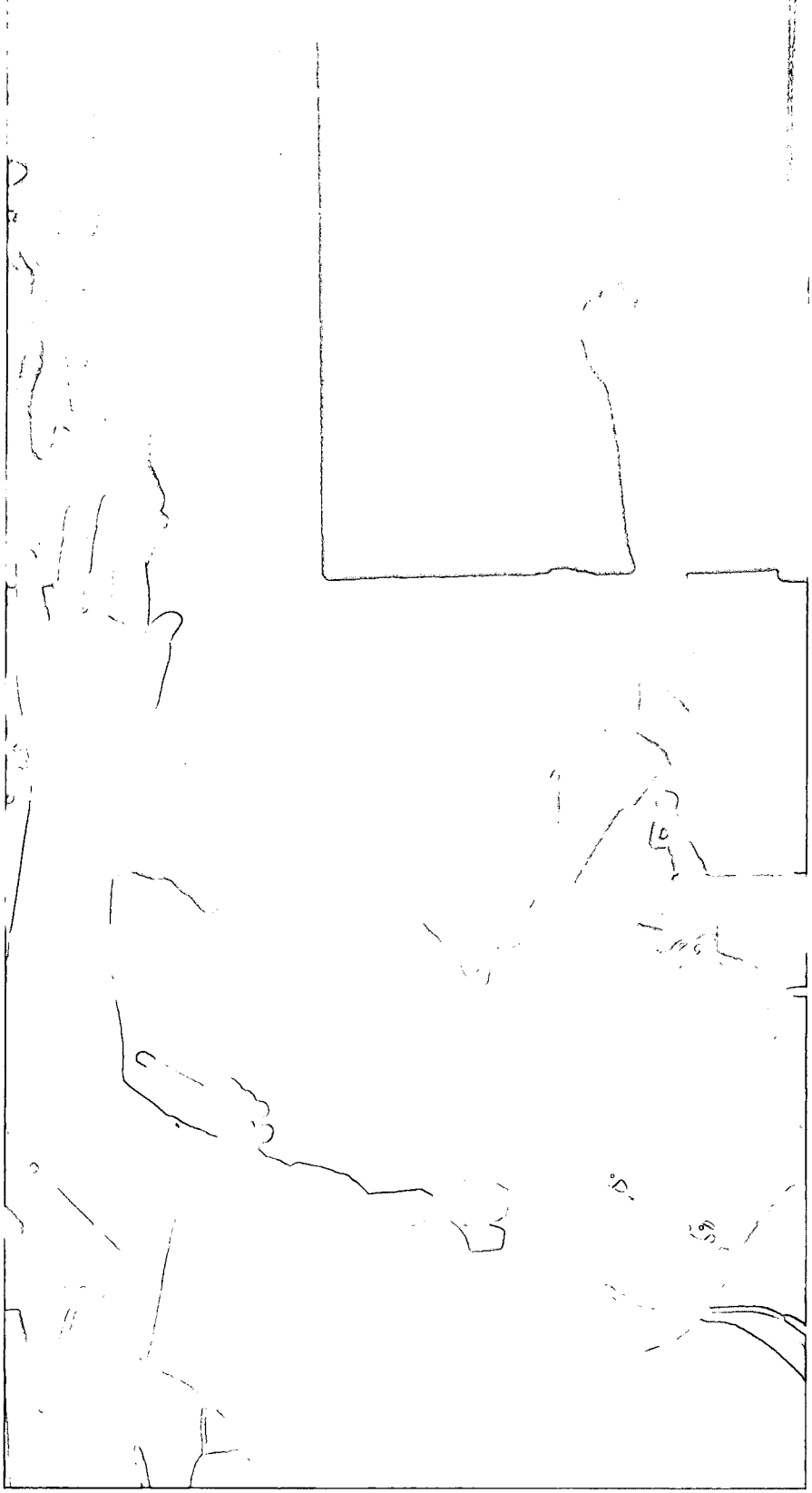
	Developmental Score Mean	# of Observations	# of Items	% Correct
	149.7	99	*56/55	
Goal 1: Use strategies and processes that enhance control of communications skills development.			0	
Goal 2: Use language for the acquisition, interpretation, and application of information.			131	73.3%
obj 2.1: Identify, collect or select information and ideas			62	75.6%
obj 2.2: Analyze, synthesize, and organize information and ideas and discover related ideas, concepts or generalizations.			50	70.8%
obj 2.3: Apply, extend, and expand on information and concepts.			19	71.9%
Goal 3: Use language for critical analysis and evaluation			36	64.9%

Mathematics (average of averages)

	Developmental Score Mean	# of Observations	# of Items	% Correct
	147.6	99	80	
Math Computation			36	91.9%
Math Applications			204	76.4%
Goal 1: Identify and use numbers to 1000 and beyond.			24	75.8%
Goal 2: Understand and use of geometry.			24	79.8%
Goal 3: Understand classification, pattern and seriation.			24	73.5%
Goal 4: Understand and use standard units of metric and customary measure.			36	77.5%
Goal 5: Use mathematical reasoning and solve problems.			36	71.4%
Goal 6: Understand data collection, display, and interpretation.			24	77.2%
Goal 7: Compute with whole numbers.			72	86.0%

Number of Students Taking Form: O, 42; P, 30; Q,27

** Reading forms O and Q contain 56 questions. Form P contains 55 questions*



reasons – absences, exemptions from one test but not the other, and so on – but all the students who used Form O for reading also used Form O for mathematics. Also included here is the average score on the mathematics test for this group of students. Then, we see the number of questions for each goal along with the percent of questions that were answered correctly. Again, while the scores for the different goals technically are not comparable because of varying degrees of difficulty and different numbers of questions for each goal, it is still possible to determine roughly how well students are doing on each of the goals, compared to others. For this group of students, for example, the largest percentage of correct answers corresponds to Goal 1: Computation. Goal summary reports can be used in a variety of ways to help think about instructional improvement. For example, teachers sometimes believe that the reading demand placed on students in the mathematics part of the test results in low scores. However, in our example, it is clear that students received their highest score in computation. The second highest score was in Applications: Computation. These are problems presented as "word problems" but requiring computation for solution. Thus, it would appear that the reading demand interfered little with the students' ability to score well in mathematics.

Ways to Use Goal Summary Report

1. Let's assume that I teach grade 4 and have done for the last three years. Also, assume that I am one of three 4th grade teachers in my school. When I receive a goal summary of achievement for my students, I can compare it to similar summaries from past years. Again, this comparison lacks scientific rigor, but I can get an idea of how well these students have performed relative to other 4th graders that I have taught. I can also determine whether I divided the instructional time available in a sensible way. If, for example, I spent a lot of time on computation but relatively little time on geometry, I will not be surprised if my students did better on computation questions than on geometry questions. The relative weight given to each goal on the test, by the way, can act as a guide for how to divide instructional time, since I probably will want to spend more time on goals that will receive more weight in the test.

In addition, if I used new materials for a particular goal or had an opportunity for staff development training on a given topic, the Goal Summary Report will provide some indication about how effective the new materials were. This can be seen by comparing performance on goal attainment over time: this year's students' performance compared with the performance of groups I've taught in the past.

2. The performance of my class can be compared to the performance of other 4th grade classes. Remember that one of my assumptions is that I teach 4th grade along with three other teachers. As a team, we can examine the results for our classes to see if there are large differences in the percent of questions answered correctly by goal. If there are, it would be helpful to know what one teacher did differently from the rest of us. Perhaps there are instructional strategies that we can

learn from our colleagues. Now, it is obvious that not every group of students is perfectly comparable to every other group. In our analysis and study of the results for different classes, we need to be mindful of differences among the groups that might account for the differences. If, for example, a larger number of my students entered 4th grade with poor reading skills as compared to the other 4th grade classes, then it would not be surprising if these students continued to score lower than students in other classes. Remember that data don't make decisions; they inform decisions.

It will also be possible to rank order the attainment by each group of the different goals on each test. This is done by simply listing from greatest to least, the order of percent correct for each goal for each class. By comparing the rank orders for each class, our instructional team should be able to see whether the groups were the same or different and then we can discuss why these differences, if any, exist. Again, this should help in instructional planning, especially if we are able to discern relationships between scores and instructional time spent, materials used, and so on.

3. By comparing the results from our classes or school with results from other 4th grades in the district, we can also see whether our students did as well as other 4th graders across the district. Most of us have – whether we admit it or not – a little competitive streak that drives us to compare ourselves with someone else, or some other school. That other school may be like ours in many ways, or it may be different from ours. In any case, we can benefit from comparing our school's performance to a benchmark – whether it is another school in the district, to the district average, or to the state average. In some cases, the best benchmark may be a

Rank Order of Success on Math Goals: by grade, 1999/00

AREA/GRADE	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8
Computation	1	1	1	2	3	8
Goal 1: Numbers	7	3	2	4	1	1
Goal 2: Geometry	3	5	4	3	5	5
Goal 3: Patterns/pre-alg	6	4	6	1	2	4
Goal 4: Measurement	4	8	8	7	8	7
Goal 5: Prob Solv	8	6	5	6	6	6
Goal 6: Data Use	5	7	7	8	7	3
Goal 7: Compute/real num	2	2	3	5	4	2
Range	61.8-86.7%	62.9-84.2%	51.7-77%	51.1-64.6%	51.9-72.5%	52.7-62.4%

Rank Order of Success on Reading Goals: by grade, 1999/00

AREA/GRADE	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8
Goal 1: Strategies & Processes	NA	NA	4	4	3	6
Goal 2: Acquire, interpret & apply info	2	3	2	2	4	4
Obj 2.1: Identify, collect or select	1	1	1	1	2	2
Obj 2.2: Analyze, synthesize & organize	4	4	3	5	5	3
Obj 2.3: Apply, extend & expand	3	5	6	3	1	5
Goal 3: Crit analysis & Eval.	5	2	5	6	6	1
Range:	56-69%	66-74%	60-75%	62-71%	67-71%	62-74%

school similar to ours in a different district. A benchmark allows us to compare in a meaningful way our performance to some other standard. Benchmarks are extremely helpful for helping us both monitor our performance and to set new improvement goals. If their students can accomplish x, surely our students can match that performance!

Incidentally, benchmarking is considered one of the best practices of quality organizations. It is a process that allows us to compare ourselves against a standard rather than a norm. A norm can be considered what the average performance is. In that sense, a norm could be relatively low and we might feel powerless to change it or even be satisfied with it: That's just the way things are. (Norms can, of course, also reflect high achievement, but that's a different discussion.) A standard, on the other hand, is a statement of what we expect students to be able to know or to do. We can set standards at a variety of levels, depending on how important we think achievement in that area is. If, for example, our standard is that all students will be able to evaluate what they are reading, then we must make every effort to provide students with instruction and practice opportunities aimed at achieving that standard: all. An important distinction between norms and standards might be this: we accept norms; we strive to accomplish standards.

Benchmarks can be created in a variety of ways. Chart 3 on page 11 shows the rank order of mathematics goals and reading goals for grades 3-8 in the state for the 1999/00 school year. Is this similar to the achievement of students in your school or district? Does this provide a way to think about norms and about standards? In the row labeled "Range" you are also shown the range of percent of questions answered correctly. Notice that the ranges for grades 3-5 are much broader than the ranges for the upper grades. Why do you think this might be so?

In short, then, Goal Summary Reports can help us in several ways – three of which have been identified – to learn more about our students' achievement. Importantly, the insights that we gain from these analyses may help us confirm our present practice – we're getting the results we want – or to seek ways to improve it. In this sense, then, Goal Summary Reports function as a kind of program evaluation, helping us set future improvement targets. Of course, the students whose performance is reflected in these goals summaries won't be in our classes next year – for the most part, anyway – so these reports really don't tell us much about how we can help these particular students in the future. Or do they?

One of the most helpful aspects of the EOG testing computerized files is that the students can be rearranged by different groupings (called "sorts" in computer lingo). Thus, my new 4th grade students can be sorted and a goal summary of their 3rd grade results can be prepared. This is extremely helpful for letting me know how well prepared these students are for my instructional program. Rather than doing a general review in the early days of the new school year, I can focus on those skills that my students seem weak in. Because the mathematics and reading curricula in the *Standard Course of Study* are circular (that is, the same goals are taught each year, although the objectives differ from grade to grade), it is important to ensure that the students have the preliminary knowledge that they will need to do well in their new grade. Thus, knowledge of how well this group of students did in Grade 3 enables me to plan instruction that will meet their needs as well as advancing them into the new goals and objectives. Even though the EOG files don't provide me with specific information about any individual student, the goal summaries are an important source of information about how well students, as a group, have done in the past. This can become a useful guide to action in the future.

Understanding and Using Frequency Distribution Reports

Earlier, we discussed the fact that the EOG testing program was designed to function as a criterion-referenced test, rather than as a norm-referenced test. However, because the number of students who take the tests throughout the state is quite large, it is possible to create a statistic that is usually associated with norm-referenced tests: the percentile. Remember that a percentile is a score that compares a student to all other students who took the test. The percentile, then, describes the student rather than the test.

A useful set of reports that focus on the student rather than the tests is represented by frequency distribution reports. A frequency distribution indicates how many students received which particular scale score. The report shows all the possible scores in descending order and indicates the number of students who received each score. The achievement level is indicated, as is the cumulative percentage of students at each score point. An example is shown in Chart 4 on page 13.

In this example, the heading includes identifying information about the school and district, the number of students included in the report, the range of scores, and the average score. This report also indicates the scale score point associated with local percentiles (that is, the relative ranking of students who receive a given score) and the standard deviation. The standard deviation gives an idea of the differences within a population of students.

You may recall from your statistics or tests and measurement classes that the standard deviation is a measure of the spread of scores. If we add the standard deviation to the average score, and subtract it from the average score, we create a range of scores in which about two-thirds of the test scores fall. Thus, in this example, where the average score is 140.39 and the standard deviation is 10.11, we can estimate that two-thirds of the scores fall between 130.29 and 150.5. In fact, 78 of the 113 scores fall in this range, representing about 69% of the scores. Then, we see the descending scale scores along with the number of students receiving each score, the percentage of students with this score point, the cumulative percent of the student population and the achievement level associated with each score point.

4

Math Developmental Scale Score Frequency Report Grade 3

School Name= LEA Code:

Summary Statistics

Students with Valid Scores 113

High Score 166

Low Score 114

Mean 140.39

Standard Dev 10.11

Local Percentile	Dev Scale Score
90	153.20
75	147.44
50 (median)	140.29
25	133.95
10	127.15

Frequency Distribution

DEV SCALE SCORE	FREQ	CUMULATIVE FREQ	%	CUMULATIVE %	ACHIEVE LEVEL
173	0				
172	0				
171	0				
170	0				
169	0				
168	0				
167	0				
166	1	113	0.88	100.0	IV
165	0				
164	0				
163	1	112	0.88	99.12	IV
162	0				
161	1	111	0.88	98.23	IV
160	1	110	0.88	97.35	IV
159	1	109	0.88	96.46	IV
158	0				
157	0				
156	2	108	1.77	95.58	IV
155	0				
154	4	106	3.54	93.81	IV
153	1	102	0.88	90.27	IV
152	1	101	0.88	89.38	IV
151	6	100	5.31	88.50	IV
150	2	94	1.77	83.19	IV
149	1	92	0.88	81.42	III
148	6	91	5.31	80.53	III
147	4	85	3.54	75.22	III
146	4	81	3.54	71.68	III
145	6	77	5.31	68.14	III
144	3	71	2.65	62.83	III
143	2	68	1.77	60.18	III
142	3	66	2.65	58.41	III
141	5	63	4.42	55.75	III
140	7	58	6.19	51.33	III
139	3	51	2.65	45.13	III
138	3	48	2.65	42.48	III
137	5	45	4.42	39.82	II
136	3	40	2.65	35.40	II
135	6	37	5.31	32.74	II
134	5	31	4.42	27.43	II
133	2	26	1.77	23.01	II
132	4	24	3.54	21.24	II
131	3	20	2.65	17.70	II
130	1	17	0.88	15.04	II
129	3	16	2.65	14.16	II
128	1	13	0.88	11.50	II
127	2	12	1.77	10.62	II
126	3	10	2.65	8.85	II
125	0				
124	2	7	1.77	6.19	I
123	2	5	1.77	4.42	I
122	0				
121	0				
120	0				
119	0				
118	0				
117	1	3	0.88	2.65	I
116	0				
115	1	2	0.88	1.77	I
114	1	1	0.88	0.88	I
113	0				
112	0				
111	0				
110	0				

5

Grade 3 Achievement Level FREQUENCY REPORT

Public Schools of North Carolina End-of-Grade Tests

School Name=

READING & MATH ACHIEVEMENT LEVELS	FREQUENCY	% OF TOTAL	CUMULATIVE FREQUENCY	CUMULATIVE %
Blank	6			
1 1	9	10.98	9	10.98
1 2	9	10.98	18	21.95
2 1	10	12.20	28	34.15
2 2	20	34.39	48	58.54
2 3	3	3.66	51	62.20
3 1	2	2.44	53	64.63
3 2	11	13.41	64	78.05
3 3	10	12.20	74	90.24
3 4	1	1.22	75	91.46
4 2	1	1.22	76	92.68
4 3	5	6.10	81	98.78
4 4	1	1.22	82	100.00
Total	82			
Number at Level III and IV:	17			
Percent at Level III and IV:	20.73			

"Blank" are students that did not have an achievement level. The frequency of the "Blank"category is not included in any calculations. Students with one blank score are also not included in any calculations.

In our example illustration, we find that 21 students in this group scored in Achievement Level 4, while 47 students earned Level 3 scores. Thus, a total of 68 students (about 61%) demonstrated at or above grade level competence on the mathematics test for Grade 3. In addition, 14 students earned scores within 3 points of the Level 3 cut, while 31 students earned scores below that level. This information may be helpful in planning short-term remediation, to prepare students in this Gateway grade for the second administration of the EOG test.

More importantly, however, the frequency report allows teachers and principals to quickly compare performance of this group of students with students at other schools and in the district, as well as to the state. For example, using the percentile scores, we can determine whether students in this school generally perform better or worse that other students. We can also use the median percentile to see whether our students as a whole are performing better or worse than other students. The use of the percentile ranges as compared with percentile ranges of other populations can be extremely helpful in gauging the overall success of our program and our students. These comparisons can also help us to set reasonable goals for improvement within specific grades.

The grade-level frequency distribution report can also be used for initial planning of class assignments for the following year. This may be helpful in at least two ways. First, the leadership team of the school can determine how classes might be set up if it is decided to base class assignments on heterogeneity of student achievement. There is a large body of research that supports such class make up and that makes clear that all students in heterogeneously grouped classes can learn more if there is an emphasis on teaching methods that use team learning strategies.

The second way in which class make up decisions can be facilitated is if the school wishes to reduce class size for those students who are scoring well below (or above) grade level. It can reasonably be argued that the needs of students whose achievement is extreme will be better met if these students are clustered together for at least a portion of each day. The frequency distribution report can help inform discussion about the use of either or both of these approaches to instructional grouping.

At the class level, the software provided by the state can generate rosters of individual students showing their performance in both reading and mathematics for the current year, as well as for the past years. This information can be used by individual teachers in making a number of decisions about individual students, including recommendations for summer school, grade promotion or retention, individual summer work or coaching that students' parents may seek and so on.

The state software will also generate another frequency distribution report that provides a greater level of detail and which may be helpful. This report is shown in Chart 5 on page 14-15. The first page of the report shows the number of students whose scores fall in all possible combinations of achievement level for

READING ACHIEVEMENT LEVELS	FREQUENCY	% OF TOTAL	CUMULATIVE FREQUENCY	CUMULATIVE %
Blank	6			
1	18	21.95	18	21.95
2	33	40.24	51	62.20
3	24	29.27	75	91.46
4	7	8.54	82	100.00
Total	82			

Number at Level III and IV: 31

Percent at Level III and IV: 37.8

MATH ACHIEVEMENT LEVELS	FREQUENCY	% OF TOTAL	CUMULATIVE FREQUENCY	CUMULATIVE %
Blank	6			
1	21	25.61	21	25.61
2	41	50.00	62	75.61
3	18	21.95	80	97.56
4	2	2.44	82	100.00
Total	82			

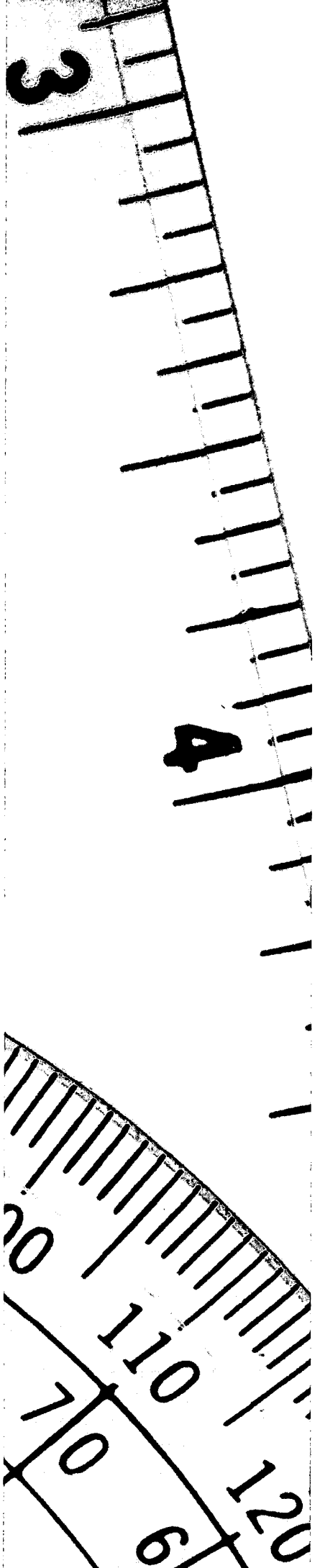
Number at Level III and IV: 20

Percent at Level III and IV: 24.4

"Blank" are students that did not have an achievement level. The frequency of the "Blank" category is not included in any calculations

both reading and mathematics. In the illustration, for example, it is clear that, in this group of 82 students, only one student had Level 4 scores in both reading and mathematics, while 5 students had Level 4 scores in reading and Level 3 scores in mathematics. The report shows all possible combinations for reading and mathematics, indicating the number of students in each permutation, the cumulative frequency (running total) and the cumulative percent.

The second part of this report shows similar information, but breaks apart the reading and mathematics scores. The report also shows the number and percent of students whose scores were at Level 3 or 4 for each test. Thus, this provides a quick reference for determining the overall success rates for a group of students. Notice that the percentage of students achieving grade level scores in both reading and mathematics is lower than the percentage achieving grade level scores in either mathematics or reading. Because most of the time, achievement in reading and mathematics is reported separately, we may be surprised by the relatively lower percentage of students passing both tests. Only when the state of North Carolina launched the promotion standards for Grades 3, 5, and 8 did the combination of passing scores really become important, in a decision-making way. Now, however, we must do our best to ensure that all students are successful in both areas of the tested curriculum (as well as other areas, of course). The frequency distribution reports are a convenient way to begin studying the results of our instruction so that improvements can be made.



Measures of School Success

Beginning in school year 1996/97, the State of North Carolina implemented the ABCs of Public Education. This program was intended to hold schools publicly accountable for the outcomes of their instructional program. The theory was that students ought to gain a year's worth of academic achievement for every year of instruction. It certainly seems simple enough, but there are a number of complexities built into the system that may require some explanation. In the section that follows, we will describe various aspects of the ABCs program, look at some of the reports that are generated by the program and discuss how this information can help with school improvement efforts.

Two Standards of Accountability

The ABCs program holds schools accountable in two different ways: there is a performance standard, which measures the overall success of the school and there is a growth standard that focuses on the amount of learning that has occurred in the past year.

The Performance Standard

The performance standard is the composite percentage of students whose scores on various tests is equal to or greater than 50%. Actually, it's not the *students* who must equal or exceed 50%, but rather the *tests*. Thus, a student who passes the reading test but not the math test still has his or her success counted in the 50% standard. As we saw with the frequency distribution in "reading plus math", the percent of students passing both tests is generally lower than the percentage passing either one. So, in this way, the performance standard gives the benefit of the doubt to the school. In high schools, in the same way, one student may take more than one test. For example, it is common for a student in Grade 9 to be tested in English I, algebra 1 and, perhaps, biology. Each test is counted separately in calculating the performance standard, rather than counting the student.

The Growth Standard

The second standard to which schools are held is the "growth standard". The growth standard is calculated using a formula developed by the North Carolina Department of Public Instruction for each group of students who will be included in the ABCs program. The formula for predicting growth in elementary and middle schools was introduced in the first year of the ABCs and has been used each year to measure the growth of each school in the state. High schools have been treated differently in the past, but in 2000-2001, they also used a set of prediction formulae to calculate growth. Because the two prediction models are somewhat different, let's first look at the model for elementary and middle schools and then turn our attention to high schools.

Calculating Growth in Elementary and Middle Schools

The prediction formula for growth in elementary and middle schools takes into account the change in scale scores in reading and mathematics registered by a group of students from one year to the next. Adjustments are made to this number to account for different rates of growth among students and to account for a statistical phenomenon called the regression to the mean.

Here is the formula as it is currently set up:

$$\textit{Expected Growth} = b_0 + (b_1 \times \text{ITP}) + (b_2 \times \text{IRM})$$

The figures represented by "b" in the formula are constants set by the State Board of Education. These constants are:

- b_0 = NC average rate of scale score growth from one grade level to the next
- b_1 = a value used to estimate "true proficiency"
- b_2 = a value used to estimate regression to the mean

It is easy enough to calculate the average rate of scale score growth from one grade to the next. Using the state results for End of Grade tests, the average Grade 3 score in reading, for example, was subtracted from the average Grade 4 score in reading. The difference is the average rate of scale score growth from Grade 3 to Grade 4 in reading. While the average scores are different each year, it was decided to select a given year, calculate differences for that year and then use those numbers in figuring the formula,

It is important for every teacher to understand how the formula works and how the various factors contribute to the expected growth score.

rather than resetting the values each year. (Hence the term "constant").

In an effort to be fair, the formula is adjusted by calculating a value for "true proficiency". This acknowledges the fact that some learners are faster at learning than are others. Let's do a mental experiment. Close your eyes and picture a student who you have known who is very fast at learning. Tell her a concept, show her a procedure, explain how something works and she immediately catches on. Now, without losing her picture, think of another student who is not so fast. The student is not rowdy or inattentive but requires more explanation before she grasps a concept. She may require more practice in order to learn a skill. Now, would it be fair to expect both of these students to learn the same amount of skill or knowledge if each of them have the same 180 days in which to learn? Probably not. So, unless the expected growth formula is adjusted to account for true proficiency, the prediction will be unreasonable. Therefore, the value represented by b1 is included to adjust the expected gain. The numerical value of this constant (ITP) is 0.22 scale score points. The ITP is calculated by subtracting the North Carolina average scores in reading AND mathematics from the group's average. The difference is then multiplied by 0.22 scale score points.

A second adjustment is also required to the formula to ensure fairness. This is represented by b2 in the formula. Statisticians have known for some time that extreme values are difficult to maintain over time and that extremes tend to move back to the average. Consider this example: An English statistician noticed that the sons of extremely tall men often weren't as tall as their fathers. He also observed that the sons of extremely short men were often taller than their fathers. If this were not the case, we would find some families having generations that continued to gain in height until they were as tall as trees, while other families would, in successive generations, become so short that they would disappear. Rather, there is a tendency in populations for extreme values to be succeeded by values closer to the average. This is what is meant by regression to the mean (IRM). The IRM is figured by subtracting the North Carolina average from the group's average in reading OR mathematics and then multiplying the result by the constant. To account for this statistical phenomenon in the prediction formula, there is an adjustment made represented by b2 that is equal to -0.60 scale score points.

So, we now know the constants that need to be plugged into the formula in order to figure the growth of a given group of students. Let's assume a group of 4th grade students whose average score in reading is 138.2 points and in mathematics is 135.0.

How the formula works for them:

Step One: Subtract (138.2 + 135.0) from (143.4 + 141.2). This yields -11.4 scale score points.

Step Two: Multiply the difference (-11.4) by 0.22. This gives -2.508 scale score points.

Step Three: Subtract the group's reading score (138.2) from the state average (143.4). This gives -5.2.

Step Four: Multiply the difference (-5.2) by -0.60. This gives 3.12.

Step Five: Add 5.2 (average state growth) + (-2.508) + 3.12. The answer is 5.812, the expected growth in reading for this group.

While it's obviously much easier to allow the ABCs software to perform these calculations, it is important for every teacher to understand how the formula works and how the various factors contribute to the expected growth score. As you can see, the mathematics is not complicated, but it is long.

Not every student in a group is necessarily included in the calculation of the ABCs outcome. In order to be included in the model, a student must meet several conditions:

1. He/she must have both beginning and ending scores, that is, scores in reading and mathematics for this year and last.

2. He/she must have been enrolled in the school for at least 90 days. As a practical matter, this means the last 90 days before the test is administered.

3. He/she must have been following the North Carolina Standard Course of Study. Thus, any student with a modified curriculum or who was exempted from the Standard Course (say, by an IEP) would not be included. Exemptions from testing become, in effect, exemptions from the ABCs as described above. Currently there are alternative means of including students with IEPs in other accountability measures. Students of limited English proficiency are automatically excluded for two years, and may be exempted for two years beyond that, if their English proficiency is inadequate.

In order to ensure that all schools are treated equitably, schools must test 98% of the eligible students. If a school reports excessive exemptions, DPI will investigate. Schools that fail to meet either of these conditions may be declared "Low Performing" schools, regardless of their reported outcomes.

Elementary and middle schools are held accountable for one other test, which is handled differently from the reading and mathematics tests. The writing tests in Grades 4 and 7 are considered in calculating the ABCs growth and performance, but real growth is not possible to measure since students don't have two sets of scores. To overcome this problem, an index is created, which compares performance of students during the current year with the average performance of students over the past two years. The index is constructed in such a way that schools get credit for increases in the percentage of students scoring higher points, as compared with performance of earlier years.

Chart 6 on page 19 shows the report that is generated at the end of the school year for each school. Although there have been some changes in format, the essential information contained in the report illustrated has been constant over the years of the program. The report includes school identification information in the top register, and in the body of the report, shows the calculations for each grade in reading and mathematics.

Notice that at the far left-hand column, the average score for the last school year is shown, followed by the average score for the current year. The report begins, then, with the 3rd grade pre-test results, followed by the end of the year score for current 3rd graders. By subtracting the beginning mean from the ending mean, the growth is established. Finally, the number of students who met all the conditions for inclusion in the model is shown. The numbers in this report represent the actual performance of only these students. When you compare the numbers shown here with the numbers of students tested on the goal summary report or the frequency distributions, you may find a difference, because not all students tested will necessarily have been included in the ABCs performance report.

Continuing to the right, the expected growth figures are shown. For the current students in Grade 3, then, the actual growth in reading (6.4 scale score points) was greater than the expected growth (6.1). The expected growth is subtracted from the actual growth and the difference (0.3 points) is shown. This number is then converted to a standard score. The standard score is a statistic that allows all of the tests to count equally in the calculation for the school. Notice that there are more 4th graders included in the model than 3rd graders. The standard score equalizes the contribution of each of these groups so that neither one outweighs their relative contribution to the final calculation. Without this standard score, smaller groups would make a larger (relative) contribution to the final result.

Finally, the exemplary growth calculations are provided. Notice that all of the numbers in this report are shown rounded off to the nearest tenth. However, in the actual calculations, full precision is used.

Parallel information for mathematics achievement is shown below the reading scores, set out in the same fashion. Below that, the writing index score is shown, with no distinction being made between expected and exemplary, since growth isn't being measured here. Then, the 'difference in growth' and 'standard score' columns are added and the result is shown. Again, because full precision is not shown in this report, the sums may be a little off. If the number is 0 or greater, than the school has met its expected growth (or exemplary growth) target.

In the last part of the report, summary information about the percentage of students tested and the percentage on or above grade level is provided. Finally, there are some explanatory notes and some reminders of features of the inclusion model.

Calculating Performance in High Schools

The ABCs model for high schools was brought on line a year after the implementation of the elementary and middle schools model. Because there were significant differences between curricula at the high school level from the other levels, there were important differences in the way that the ABCs progress was calculated. While there was a concerted effort to allow as much sharing of program features as possible, the fact is that the high school courses of study are more atomistic than is true for elementary and middle schools. That is, there is no common thread of learning that runs through high schools in the way that mathematics and reading are taught at all grade levels in the elementary and middle schools. Therefore, measuring progress based on repeated measures of achievement of individual students was not thought possible. There had been an effort to create a system of pre-and post-tests for the high school courses, but this effort had been found to be impracticable. It would take some time before an achievement prediction model could be developed for high schools.

The high school model was further complicated by the fact that the legislation authorizing the ABCs called for holding schools accountable for the End of Course tests taken in courses required for high school graduation. Of the 10 EOCs available, only five were associated with graduation requirements. The other five EOCs were for elective courses in mathematics and science, courses typically taken by highly motivated students. Therefore, it was decided that the high school accountability model would be predicated on indexing achievement scores, in a fashion similar to the one used for elementary and middle school writing. The indexing essentially gave weighted credit for the percentage of students scoring at Achievement Levels 3 and 4 and then compared the current year's results with the average for the past two years. In addition, there was an automatic "escalator" built into the model to ensure that high schools were making improvement in these courses. Initial criticism of the high school model centered around the fact that the entire high school was being held accountable based on results from a very small sample of courses offered in the school. Over time, additional points of accountability were added to the high school model. The percent of students completing a college preparatory course of study or completing a "tech prep" option was calculated. The High School Comprehensive test, which measures reading and mathematics achievement as compared to 8th grade achievement was also added. Other measures were discussed as possible additions.

During the 2000/01 school year, for the first time there has been a significant change in the calculation of the high school accountability measures. Prediction models for all of the EOC courses have been developed and will be the basis for holding schools accountable. Essentially, the prediction model for the high schools works exactly the same way as the model does for elementary and middle schools: A group of students currently enrolled in a given course who also have predictor scores are identified. For example, if we wish to predict achievement in Algebra 1, we need to know both the 8th grade mathematics EOG scores for these students and their algebra EOC scores. The formula is then computed, using known values and con-

accountability

ABCs Accountability Report 1998/99 *(unofficial)*

	Actual					Expected				Exemplary			
1998 Grade	Mean Score	1999 Grade	Mean Score	Growth	Students in Model	Score	Growth	Difference in Growth	Standard Growth	Score	Growth	Difference in Growth	Standard Growth
READING													
3-p	131.7	3	138.1	6.4	80	137.7	6.1	.3	.2	138.4	6.7	-0.3	-0.2
3	138.9	4	142.8	3.9	85	144.1	5.2	-1.3	-1.0	144.6	5.7	-1.8	-1.4
4	144.5	5	150.7	6.2	82	149.2	4.7	1.5	1.2	149.7	5.2	1.0	0.9
MATH													
3-p	123.7	3	130.6	6.8	80	135.7	12.0	-5.2	-2.0	137.0	13.3	-6.4	-2.5
3	133.3	4	143.8	10.6	85	142.0	8.7	1.9	0.9	142.7	9.4	1.2	0.6
4	143.0	5	151.5	8.5	82	151.2	8.2	0.3	0.2	151.9	8.9	-0.4	-0.2

					Expected		Exemplary	
INDEX	Year 1	Year 2	Current Year	Baseline	Difference	Standard Gain	Difference	Standard Gain
WRITING 4					0.9	0.1	0.9	0.1

PERCENT TESTED Grades 3-8: 99.8; Percent Tested Grades 9-12: 0.0

PERFORMANCE COMPOSITE: Percent of all students at or above Level III: 46.9

GROWTH COMPOSITE: Expected: -0.4 Exemplary: -2.7

1. In grades 3-8, reading and math students with less than 91 days in membership are excluded from growth calculations. In grade 10 reading and math students with less than 160 days in membership are excluded from growth calculations.

2. The difference in growth is actual minus expected or actual minus exemplary growth.

3. The difference in growth/gain is adjusted and shown as the standard growth/gain. The purpose for this adjustment is to have each component contribute equally to the composite score. (Standard growth/gain is calculated by dividing each difference by the associated standard deviation.)

4. - means there is insufficient data to compute.

5. Full precision, although nor shown, is carried through all calculations.

stants. The target score (expected growth) is then subtracted from the actual score. The result is divided by the standard deviation for the particular test, resulting in a standard score. This process is reiterated for all the EOCs and the combined standard scores represent the accountability measure. Chart 7 on page 20 and 21 presents the prediction formulae and parameters.

ABCs Report: A Useful Summary of Information

The ABCs performance report provides very useful summary information about students in the school. For example, by comparing the ending score of current students in Grade 3 with the beginning score of current 4th grade students, one can determine if the rising 4th graders will be better prepared for grade 4 than the current students were. In our example, we can see that the ending score for the students in Grade 3 is 150.4. This number shows that the rising 4th graders are much better prepared for Grade 4 than was the class that just finished Grade 4, who entered with an average score of 147.0. This may not be related to a general programmatic improvement, but it does have important implications for 4th grade teachers, since the lessons they presented last year will probably not be sufficiently challenging for the new group of 4th grade students. In this way, there is some limited diagnostic information that can be derived from the ABCs report. However, in general, the report does not provide important diagnostic help, since it is not possible to tell how much effort devoted to which objectives or goals of instruction will be needed to improve the outcomes for students.

This is not intended as a criticism of this report or of the ABCs program. Rather, it is a recognition of the fact that not all data are equally useful for all purposes. None of the reports that we've looked at will provide really good diagnostic information that could influence the instruction of an individual student. The tests were not designed for this purpose, nor were the reports that the system generates. Whatever diagnostic use is made of any of these reports is, of necessity, constrained by this fact. Moreover, it is important to realize that the information is provided at the end of the school year. Any influence these reports have on future instruction of these students will be made by the teacher at the next higher grade level. This is one reason why sharing information across schools (elementary schools with middle schools, or middle schools with high schools, for

7

Prediction Formulas FOR END-OF-COURSE PERFORMANCE *(revised 3/24/00)*

Predicted School Mean for:

Algebra I = 60.4 + [0.88 x (Math - 176.1)]

Biology = 55.2 + [0.710 x (Reading - 161.3)] + [(0.318 x (Math - 172.0)] + [-0.013 x (Math - 172.0)2] + [-0.002 x (Math - 172.0)3]

ELPS = 54.0 + [0.88 x (Reading - 161.3)]

English I = 53.3 + [1.01 x (Reading - 161.0)]

US History = 56.0 + [0.68 x (Reading - 161.1)] + [0.15 x (Math - 171.8)] + [-0.01 x (Math - 171.8)2]

Algebra II = 59.3 + [0.43 x (Reading - 164.7)] + [0.89 x (Alg - 60.0)]

Chemistry = 56.9 + [0.18 x (Alg - 59.9)] + [0.51 x (Bio - 59.7)] + [0.27 x (Eng - 58.1)]

Geometry = 58.5 + [0.42 x (Reading - 164.5)] + [0.39 x (Math - 176.7)] + [0.43 x (Alg - 59.7)]

Physical Science = 53.8 + [0.58 x (Reading - 160.7)] + [0.34 x (Math - 171.6)]

Physics = 56.1 + [0.28 x (Math - 182.0)] + [0.66 x (Bio - 63.7)] + [0.32 x (Eng - 61.6)]

Where:

Reading = EOG Reading mean for all students in the school with scores for the predicted EOC and all other EOG/EOC tests used as predictors
Math = EOG Math mean for all students in the school with scores for the predicted EOC and all other EOG/EOC tests used as predictors
Alg = Algebra I mean for all students in the school with scores for the predicted EOC and all other EOG/EOC tests used as predictors
Bio = Biology mean for all students in the school with scores for the predicted EOC and all other EOG/EOC tests used as predictors
Eng = English I mean for all students in the school with scores for the predicted EOC and all other EOG/EOC tests used as predictors

example) is so important. About one-third of the students whose performance is reported will have left the school by virtue of promotion. However, the testing software can be used to "re-roster" scores – that is, construct reports based on new class groupings – that can prove helpful.

Instead of bemoaning the fact that the testing reports don't provide very helpful individual diagnostic information, it may be more beneficial to think about the reports as a kind of program evaluation. That is, they provide useful information about the program of studies offered at each grade level. By comparing and studying outcomes over time (that is, by looking at three years of goal summaries for a given grade), trends in outcomes can be seen that may point the way toward improvements in the program offered by the school. When examining these data, it is important to consider individual or even group differences. Everyone has had the experience of teaching an exceptionally bright group of students and the difference between these students and a "normal" group must be taken into account. Even so, it is possible to look for trends that the data point out and that can help us plan staff development, materials acquisition, division of instructional time, and provide better instruction for all students.

Prediction Formula Parameters FOR END-OF-COURSE PERFORMANCE

(revised 3/24/00)

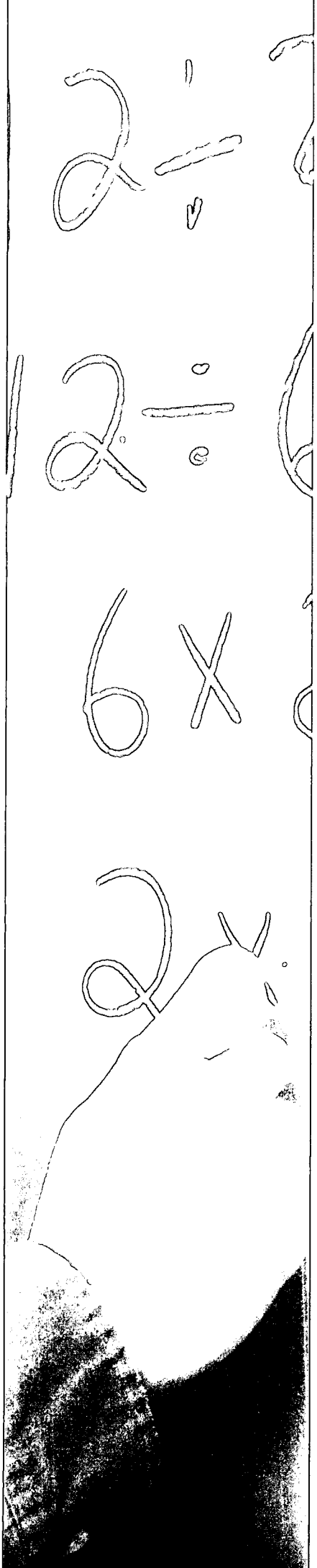
	b_0	b_{IRP}	b_{IMP}	b_{IMP^2}	b_{IMP^3}	b_{IAP}	b_{IBP}	b_{IEP}
Algebra	60.635508		0.882877					
Biology	55.211147	0.709879	0.317544	-0.013484	-0.001827			
ELPS	53.951374	0.883888						
English I	53.256009	1.005168						
US History	55.952964	0.680936	0.147541	-0.011331				
Algebra II	59.265552	0.434241				0.8877402		
Chemistry	56.880878					0.184021	0.513002	0.269941
Geometry	58.483974	0.416898	0.389016			0.431191		
Physical Science	53.839061	0.583869	0.340070					
Physics	56.061420		0.280134				0.656071	0.315458

IRP: Index of Reading Proficiency; IMP: Index of Mathematics Proficiency; IAP: Index of Algebra I Proficiency; IBP: Index of Biology Proficiency; IEP : Index of English I Proficiency

State Averages for Proficiency Indexes

	EOG Reading	EOG Math	Algebra I	Biology	English I	Standard Deviation for Composite Component
Algebra I		176.1				3.349160
Biology	161.3	172.0				2.624947
ELPS	161.3					3.136528
English I	161.0					1.765422
US History	161.1	171.8				2.241525
Algebra II	164.7		60.0			2.945220
Chemistry			59.9	59.7	58.1	2.545592
Geometry	164.5	176.7	59.7			2.486069
Phy Science	160.7	171.6				2.490687
Physics		182.0		63.7	61.6	3.321596

Means are based on all students in the school with scores for the predicted EOC and all other EOG/EOC tests used a predictors.



Other Student Data

Virtually all of the data that we have discussed up to this point is derived from the testing files available in each school district and concerns student achievement and curriculum effectiveness. There is another important source of student data that is available in every school and can play an important role in creating a school improvement plan and in helping to monitor the effectiveness of the plan. This is the Student Information Management System (SIMS). SIMS is not nearly as easy to access and use as are the testing files, but nevertheless it contains information about student characteristics that are often associated with student achievement.

SIMS

SIMS is a data-base that has been developed by NC DPI. Currently there are plans to re-design SIMS so that even more data are available for use by educators in individual schools, and therefore, the current SIMS will be phased out over the near and medium future. However, regardless of the shape taken by SIMS or how long the current SIMS will be around, there are important data in the system that can be used to help plan and monitor school improvement activities. Part of what is frustrating about the current SIMS is that most of the data reports are "pre-set" and may not respond to the information needs of teachers and principals. However, many SIMS data managers, based in schools, are extremely knowledgeable of the system and have developed, or could develop, information reports that could be very helpful. By including the SIMS data manager in conversations about school improvement, it may be possible to extract the information in useful formats.

Attendance

For example, SIMS maintains a complete attendance profile for every student including information about absences and tardiness. It is obvious that a student who is not in attendance at school has a difficult time learning the material presented on a given day. Because of the cumulative nature of much instruction, absences often predict academic difficulty. Knowing who is absent, how often, and for how many days at a time may help in creating remedial learning plans that are targeted to specific students and their needs. For example, if attendance is believed to be a major factor preventing the school from being successful, perhaps it should be taken on as a school-level challenge, rather than requiring each teacher to deal with absences and make-up work on his/her own, as is usually the case. It could be established, for example, that if a student has missed three days of class, he or she must attend a remedial program, run perhaps in conjunction with in-school suspension, for at least part of each day. In this program, teachers would provide needed explanatory materials and make-up work. The program could be overseen by the ISS teacher, a teacher assistant, or other available staff person, assisted by volunteers and tutors. Getting students ready for re-admission to the regular class would be the goal. However, by isolating these students, instructional time would not be lost for other students in the class, while the teacher provides individual instruction to the one who was absent, and he or she would be prepared to benefit from the regular instruction by being caught up before being re-admitted to class.

Before launching such a program, however, there needs to be clarity that such a program would benefit a significant number of students. By analyzing the attendance data contained in SIMS, the degree of severity of absences could be determined. Also, it could be seen whether students in some grades or classes were more likely to be absent than students in other grades or classes. Obviously, the pattern will differ from school to school, but this is one example of an intervention designed to solve a problem, using data that are currently available. Such analysis could also inform conversations between teachers and parents about the importance of regular attendance and the efforts that the school will make to ensure that students who are absent get the needed instruction and do not interfere with the learning of other students.

Similarly, SIMS includes information about students' contact information. It is common for teachers to try to foster com-

munication between school and family in order to ensure that students are as well supported as possible. Contact information – address, phone numbers, and so on – is an important aspect of maintaining such communication. By generating a report of students and their current contact information, SIMS can save teachers' time in looking up information, or trying to maintain contact information in the classroom. Further, a SIMS roster showing this information can also be turned into an easy to use check-sheet to ensure that regular contacts with all parents are being made. This can be especially helpful in schools that are trying to improve school-home relationships.

SIMS also keeps track of discipline action – either in-school or out-of-school suspension – of students. Examination of these data may disclose that a relatively small number of students are experiencing more than one incident of suspension, but these students are disciplined frequently. Since the school will be accountable for the learning of these students as much as it is accountable for the learning of all students, it may become important to develop programmatic responses to the needs of these students. This begins with an investigation of the kind, frequency, and distribution of ISS and OSS-information contained in SIMS.

SIMS also tracks the grades students receive in various classes. While it may be possible for an individual teacher to understand patterns of grades received by students in his/her class, it is virtually impossible for any teacher or administrator to keep understand grades trends without access to the kind of information systematically stored in SIMS. Analysis of patterns of grades received by students may suggest ways in which schools can become more effective. For example, if a large percentage of male students in Grade 9 are receiving low grades (Ds or Fs) during the first semester, it may be wise to initiate some programmatic response. Since low grades are associated with dropping out of high school, disciplinary problems, and so on, it may be possible to create institutional responses to these needs before these students create a downward spiral for themselves.

While SIMS and the testing files contain much information that can be useful, there are other kinds of information that may not be systematically collected, but which could assist in efforts to improve schools. For example, it has been widely reported that pre-school students often make greater cognitive gains than do students with no pre-school experience. Information about school readiness is often collected by schools and many schools note whether students have gone to a pre-school. However, information about specific skills that teachers in the school deem important for school success are often not collected. Collecting and analyzing such information could help in shaping the kindergarten instructional program.

Extra-Curricular Activities

At the other end of the schooling spectrum, it would be possible to collect information about students' participation in extra-curricular activities. A strong correlation between such participation and staying in schools has been established in the research literature. By circulating a form, perhaps in homerooms, students could indicate which activities or sports they participate in. These data could then be entered into a simple spreadsheet or data base format, which could be linked to the SIMS records. Thus, it would be possible to examine the grades and attendance patterns of students who do and who do not participate in activities beyond classes. In the same way, it is widely believed that students who hold after-school jobs often experience a slide in grades, perhaps because of a failure to do homework, or perhaps because of a drain in their energy. In any case, it would be possible to track the academic performance of students who hold jobs. This information could be helpful in class scheduling, as well as for use in conferences with the student and his/her parents about school performance. By indicating our concern that the student's job not interfere with school work, we let the student know that we care about academic success and, perhaps, prevent a problem from developing.

By indicating our concern that the student's job not interfere with school work, we let the student know that we care about academic success.

Some schools have worked to improve students' affiliation with the school by linking each student with an adult in the school who shares an interest. Managing such a process is greatly enhanced by simple computer programs (like spreadsheets) and could demonstrate that a small investment in time will pay large dividends. Especially in large schools, the possibility of "losing" a student is great. Proactively seeking to foster relationships between students and adults can increase the likelihood that students will have a successful school career.

The point here is not to identify all possible kinds of data related to students that a school could collect. Rather, it is to point out that many kinds of information exist that no one is systematically collecting and yet it would be relatively easy to do so. Moreover, these data often help to illuminate a problem or condition that a school improvement plan seeks to ameliorate. By thinking about what information would be helpful to have, how that information might be collected, and how it would be presented for study and analysis, members of the school improvement team will find that their tasks become more purposeful and less haphazard. The data exist. They have but to be discovered.

Using Projects and Portfolios of Students' Work

Increasing numbers of schools are finding that collecting students' work in portfolios is a helpful way to accomplish several tasks related to the part of the curricu-

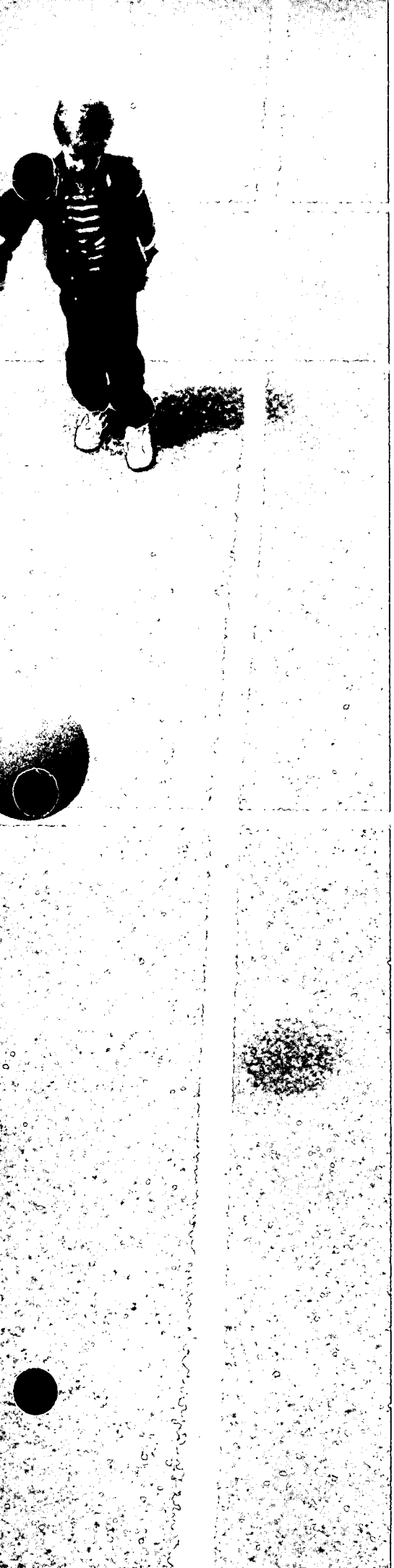


lum that is not measured by the ABCs or the EOG/EOC tests. Certainly, the recognition that all subjects studied in school are worthy of respect and that human intellectual endeavor is not limited to reading, writing, and mathematics sends an important message to students, parents, and other faculty. Portfolios can provide important information about the breadth and the quality of a student's work. Teachers who wish to emphasis the complexity of the subject matter being taught, or who wish to help students track their own progress and growing sophistication will find portfolios a helpful way to collect information. These portfolios may or may not, however, be helpful to other teachers. It is difficult to imagine, quite frankly, many teachers of Grade 4 who will spend several hours examining portfolios completed by 26 students in Grade 3. Avoiding the "shoe box" or "filing cabinet" aspects of portfolio development will often determine the usefulness of this information.

One of the ways to encourage the use of portfolios across several grades will be to agree on the evaluation criteria that we want portfolios to capture or illustrate. For example, while the topics studied in science are different for each grade in elementary schools, it is possible to agree that the portfolio of each student will contain work that illustrates the basic scientific method: observation, formulation of an hypothesis, testing the hypothesis, drawing and reporting conclusions. Having access to this information will enable teachers of successive grades to ensure that students have learned these basic processes and then can apply them in new and different situations. It would be extremely helpful (and useful to students) if, near the end of the grade, students were allowed to examine their portfolio's contents, and summarize which contents illustrated which parts of the process. This would help students review their own learning, and would provided a kind of check-list that would enable teachers of successive grades to review quickly the content of each portfolio.

Similarly, much of the work we want students to master consists of the underlying intellectual habits and skills of organiz-



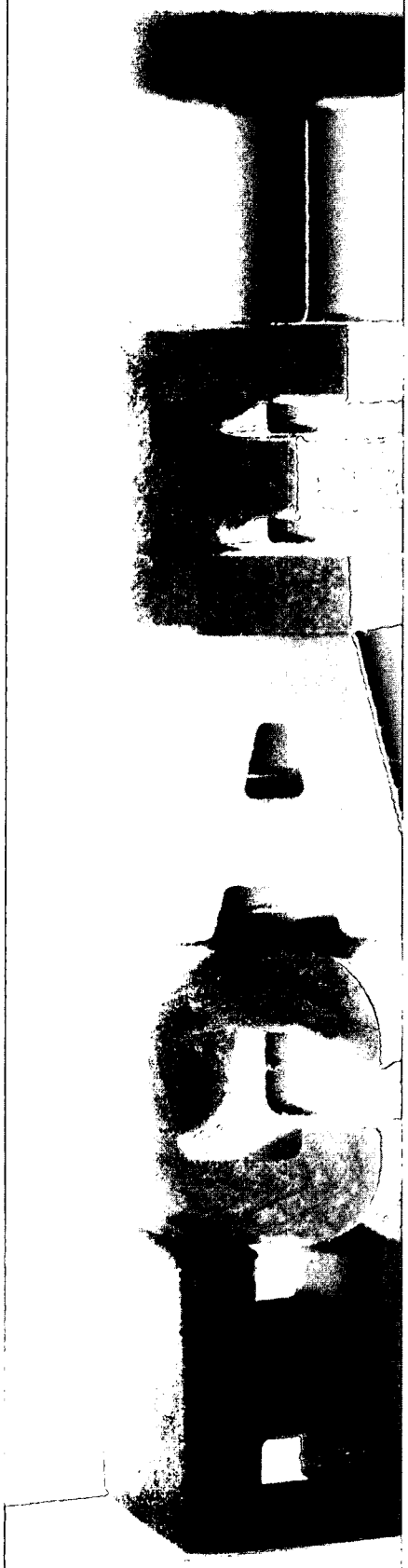


ing, evaluating, revising, and persevering on challenging tasks of high interest to the individual. While these underlying skills can be included in any number of projects, they are often overlooked in evaluation of student learning. By using scoring rubrics that emphasize these skills, teachers and students will find greater efficiency in understanding the progress of student learning. By focusing on these "sub-surface" skills, the topics chosen by students will be of lesser importance for achieving the learning objective, although different topics will probably prove more motivating for some students than will others. Sharing rubrics across grades and courses will ensure that everyone understands both the skills to be learned as well as the expected quality that needs to be demonstrated. It is also possible that a project or portfolio of student's work can provide an opportunity for synthesizing work across disciplines. This may be especially important for high schools, where it is easy for teachers in one department to find themselves isolated from their colleagues who teach in other departments.

Portfolios and projects also offer a somewhat different opportunity for school improvement. If the contents of the portfolio are used during teacher-parent and student conferences, then the importance of complex activities and learning can be illustrated and discussed. Thus, the portfolio becomes a vehicle by which all parts of the school community can become more engaged in the expected learning activities and by which ever-higher standards of expected achievement can be tracked and encouraged. Finally, and perhaps most importantly, portfolios and projects put the responsibility for work on the students, not the teacher. Some people have said that schools are places where young people go to watch old people work. To a very real extent, this is true. At the end of the day, many teachers are exhausted from having "performed" all day long. By shifting the emphasis onto complex projects or connected work or activities, the burden for work can shift to students, while teachers increasingly become the designers of work that students will find engaging and challenging.

Shifting from atomistic kinds of learning activities to more complex, student-centered learning projects is a school improvement activity of fairly large proportion. Before a school undertakes such a shift, faculty members may need training in the areas of classroom management, lesson design, computer-based research skills, time-management and so on, since these areas will all be impacted by such a change in curricular emphasis. This isn't to suggest that teachers don't already know how to manage time, classrooms, and lessons, but rather that if these are to be done differently, everyone needs a chance to consider the impact of the change. Insuring that staff have the necessary training before launching a major change may be common sense, but it is not common practice. Such a shift, however, could signal in important ways that school improvement is not simply run by test scores. Emphasizing the quality of the school experience and a belief that the results will reflect a "better way" should be a constant message articulated by administrators, faculty leaders and others as this kind of school improvement unfolds in the school.

When evaluating such a qualitative change, it will be important to combine data from a variety of sources. Necessarily some of these data will derive from the testing files. However, results on EOC and EOG tests are not the only kind of data that can or should be considered. Creatively thinking about the specific goals of a change in school operation or management will lead to thinking about ways in which these goals can be measured or illustrated. Student attendance, engagement, motivation, and commitment can be measured in a variety of ways, as can the quality of their work. Using rubrics for projects and portfolios and combining results across several courses will enable faculty and staff to achieve a richer understanding of progress of the change, for example. Teaching students about constructing and use of surveys, as well as the mathematics involved provides both a learning opportunity and a measurement strategy that should not be overlooked.



Data Related to Teachers, Administrators & Staff

A data source that is often overlooked (or purposely ignored) when considering school improvement plans includes almost any information related to the adults in the school. While many of us may feel reluctant to inquire too closely about our colleagues, this reluctance sometimes keeps us from discovering strengths that our colleagues may bring to school improvement. Moreover, we know that teacher skill and expertise is very closely related to student achievement. So, what, then, are some of the data about ourselves and other adults in the school that we could easily collect and consider as we think about school improvement?

Number of Years on the Job

First, it may be helpful to understand how long the staff (faculty, administrators and other adults in the school) have been in their current assignments. If a large number of new teachers (either new to the building or new to the profession) work in the school, it is perfectly reasonable to expect there to be some sort of learning curve for these adults as they become familiar with a new curriculum, perhaps, or new roles, and certainly new procedures that our school has developed. Through the use of mentor teachers and by assigning buddies to teachers with new assignments, this learning curve may be reduced so that all teachers become more effective early in the school year.

The responsibility for helping new teachers become acquainted with their roles and expectations is one that falls on everyone in the school. While the state-required mentor program for new teachers describes a minimum level of service, it is unfortunately still true in some schools that new teachers really need to fend for themselves with very little support from others. Instructional planning by grade teams or departments, offers to share resources and materials, and taking a friendly interest in the experiences of new colleagues are all ways in which we can help the new teacher acclimatize and, indirectly, help the new teacher to become highly effective quickly. While some teachers will actively seek out help, many will not, feeling that they may be judged as less than adequate if they have to seek help. Building school norms that support all teachers, but especially new teachers, is one way in which school improvements can be brought about almost effortlessly.

Special Interests

Then, too, it may be helpful to inventory the past experiences, and the interests of the adults in the school. Often school improvement plans include adding dimensions of service or activity to what the school is already doing. Finding adults on the school staff who might be interested in assuming some additional responsibilities can be facilitated if staff members have an opportunity to identify their own interests and skills that can be used to enhance the services offered by the school. A simple survey distributed to the faculty can provide a simple means of collecting such information. Based on the information returned as part of the survey process, the school improvement team members can contact individual colleagues who might be interested in and able to provide needed services.

Teacher Attendance

Attendance at school by teachers is closely related to student achievement and yet, attendance by adults rarely is considered as part of the school improvement effort. It may be that in your school, adult attendance is not a problem. However, in some schools, especially schools that are struggling, there is a higher than normal level of stress experienced by adults and this stress may lead to higher than normal amounts of sick leave being used. While no one wishes to find sick adults trying to teach children, it may be that discussing attendance, if it is a problem, may lead to a discussion of why an inordinate amount of sick leave is being used. This, in turn, could lead to a discussion about ways in which the needs of adults in the school could be better met, the stress levels reduced, and teaching and administrative staff could become more highly engaged in the day-to-day work of the school.

Staff Development and Activities

A resource that can help adults to become more effective in their responsibilities that is often overlooked is staff development. The resources of time and money that are set aside for staff development in our state are large and can be helpful, especially when the staff development is aligned to the school improve-

The most important work of teachers is teaching.

ment plan. They are two data sources that can be used to examine staff development needs in the school. First, by looking at past staff development activities that have been conducted in the school or the district, we can look for evidence of the relationship between these activities and school outcomes. Have the staff development activities been related to student achievement and, if so, how? What has been the effectiveness of the staff development, as reflected in student achievement? Are there skills that people need to develop in order to implement the school improvement plan?

In addition to examining the staff development offerings from the past, it may also be helpful to know which staff members have participated in which staff development offerings. A simple spread sheet program, such as the one illustrated in Chart 8 can help to collect and organize this kind of information. Again, the collection of the information is only the starting point. Once we know who has received what staff development, then we can begin to discuss the impact of the training on classroom activity and student outcomes. We can also begin to identify the staff development that will be needed if the school improvement plan is to be implemented successfully.

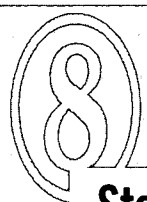
Non-instructional Data

There is at least one other area concerning school staff that we should examine as we begin to build a school improvement plan: non-instructional duties. Because schools are expected to meet myriad needs of students – safety, academic growth, social development – there are many tasks that need to be accomplished by the adults in the school. Many of these tasks are not strictly instructional, but are important. However, it may be that some of these non-instructional tasks are interfering with teaches' ability to meet the instructional responsibilities that are paramount.

In some cases, it may be that first or second year teachers have been assigned non-instructional duties that interfere with their ability to develop skill in their teaching roles. In other cases, it may be that a highly skilled teacher has assumed more responsibilities than he/she can handle along with the teaching assignment. Finally, it may be found that non-instructional duties are unevenly distributed, so that some people have a lot to do, while others have relatively little. Not only is such a situation unfair, but it may discourage some teachers from assuming responsibility for anything outside their own classrooms. Thus, examining which non-instructional duties are being performed and by whom may be an important step in determining what human resources are available to work on issues of school improvement.

Because non-instructional duties are evaluated annually as part of the teacher evaluation process, an inventory of the kinds of duties being conducted as well as the people who are doing them can be created using information that exists in the school. Using performance evaluation information for purposes that are not strictly evaluative represents a good use of information and should be part of the principal's mode of operation. Similarly, examining the performance appraisal information for trends about skills of teachers may contribute important information for planning staff development that will contribute both to school improvement and to the professional development of the teachers and staff of the school.

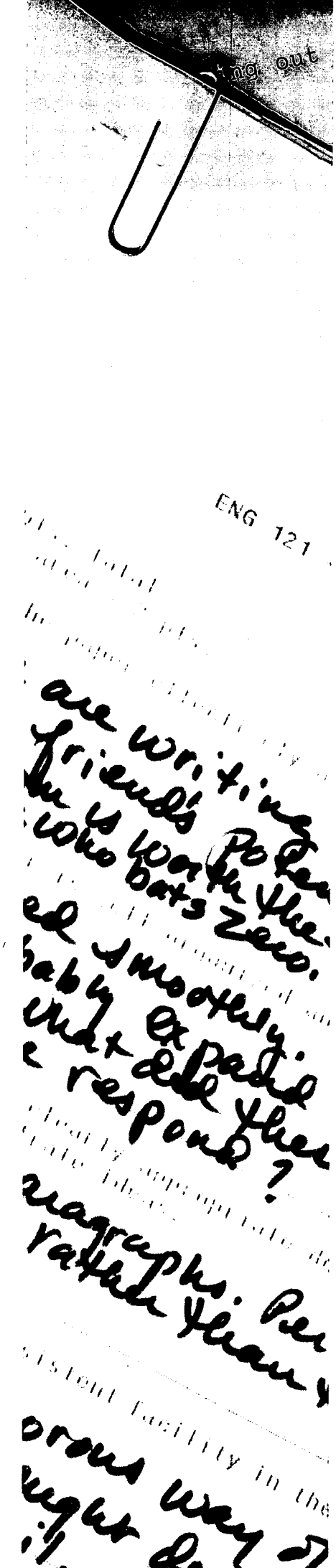
Since the most important work of teachers is teaching, it may be possible to realign the responsibilities of the non-teaching staff to provide relief to teachers from non-instructional duties or to support teachers in other ways. For example, it may be possible to re-structure use of teaching assistants so that greater responsibility for record-keeping is shifted from teachers to their assistants. It may be desirable, in an elementary school, to reduce the assistants' time with primary grades teachers to provide some support for teachers in the upper grades. The point here is not that reassignment of teacher assistants is the only possible way to support teachers. Rather, the point is that, in planning and carrying out school improvement, it may be possible to re-examine what has been common practice in such a way that the change supports the kind of improvement that the school wants to make.



Staff Development Activities 2000/01

Activity	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
SBDM tng	✔									
Saxon Math	✔	✔	✔							
EOG Scores Rev	✔									✔
Math Manip				✔		✔				
Narr Writ	✔		✔		✔		✔			
ECP ID		✔								
Safe School	✔									
Crisis Mgmt	✔									✔
Sch Impr	✔		✔		✔					
Puppets in Sch				✔						
Comm w/ Parents			✔							
Great Books							✔			

Note: Individual teachers also participated in state/regional conferences in different subjects throughout the year.



Data Related to Material Resources

Traditionally, school budgets have not been shared by administrators with teachers, parents, or other members of the school community. In part, this has been because school budgets and funding are not well-understood and, at least for some, budgets have not been a concern, as long as they had most of the resources that were needed. However, as accountability for school effectiveness has increasingly been placed on the school (rather than the district), it may be time to re-examine how budgets in schools are developed and monitored. Indeed, there are already in place legislative changes that describe the responsibilities of principals and teachers with respect to school budgets.

Sources of School Funds

Federal Funding

In order to understand how school budgets work, it may be helpful to recognize that there are three main sources of school funds. The federal government provides money for some specific purposes. In elementary schools, federal support is offered to help compensate for the educational disadvantages experienced by children of poor families. These funds can be used to support teachers' salaries, teacher assistants' salaries, instructional materials, teacher training, and the salaries of instructional support staff. Usually, in each district, there is a coordinated plan that sets out the goals and objectives for children served in these programs and passes federal funds on to schools that qualify to participate in this plan. In middle and high schools, federal funds are most often used for the partial support of vocational education programs.

State Funding

The state government is a second source of funds for schools. Indeed, in North Carolina, the state has typically provided the bulk of school funds in every district. The state provides money to pay salaries, both in schools and in the central office, to purchase text books and other instructional materials, to support staff development, and, generally, to conduct school. Most state funds are based on allocation formulas. Thus, the state provides the actual salary for one principal for every school in the state. The state provides the actual salary for teachers for a given number of students. For example, the formula for primary grades teachers is one teacher for every 23 students. Usually, text book funds are allocated at a set amount per student. These allocations may be supplemented by funds made available for districts with special circumstances. For example, districts that are small and serve a very high percentage of poor students may receive additional funds. State funds are also provided to support transportation, special education, and instructional support staff.

Local Funding

Finally, local communities, through the County Commission, may allocate funds for a variety of purposes. In some counties, a salary supplement is provided from local funds. Typically, the amount of local funding available and the uses to which these funds are put reflects the ability and willingness of citizens of the county to provide support over and above the level set by the state. Local communities are also expected to provide and maintain school buildings, although state funds may be made available for this from time to time.

Other Funding

Some additional funds come to schools and districts through grants, gifts, and some miscellaneous fund sources. Usually, grants and gifts are expected to be used for specific purposes. Grants almost never are available to carry on the "regular" business of schools, but are intended to enhance the school program or to conduct some kind of innovative or experimental program. In any case, these miscellaneous funds rarely represent an appreciable part of the district or school's resources. However, grant funds obtained by schools may allow support of programs intended to improve school performance and to provide opportunities that students and teachers would not otherwise have. In thinking about school improvement, grant sources should not be overlooked.

Redirected Use of Funds

In some cases, the uses to which specific funds are limited or restricted in some way. For example, teacher salary funds cannot be used to pay a person who is not properly licensed as a teacher. Similarly, funds allocated for special education programs must be spent on students who qualify for special education. In some cases, flexibility for using funds may be granted or allowed by the state. For example, under some circumstances, a teacher assistant position can be abolished and the funds used for certain other purposes. Or, the state may grant permission to include students who do not meet the definition of AG in classes set up for AG students. Since the largest percentage of funds available to a district (or school) is dedicated to payment of salaries and benefits, most of the school budget is not available for spending differently from the way it is allocated. However, there is some flexibility in the budgets of schools and school improvement teams should be familiar with where this flexibility exists. The finance officer in each district is well-acquainted with the degree of flexibility allowed for use of funds and should be consulted when questions about budgets are raised.

State law includes some very specific instructions about how budgets are to be prepared and shared with members of the school community. General Statute 115C-105.25 is entitled "Budget flexibility" and includes the following provisions:

- Local boards of education are encouraged to provide maximum flexibility to schools in the use of funds to enable schools to achieve their goals.
- Local boards may transfer and approve transfers of funds between funding allotment categories.
- If the school improvement plan calls for it, the school may be granted permission to use teacher assistant salary funds for the support of salaries of personnel who will serve only or primarily students in grades K-3. This can only be done if the teacher assistant position is vacant and is not expected to be filled.
- Funds allocated for classroom materials/instructional supplies or equipment may be transferred only for the purchase of textbooks. State funds allocated for textbooks may be transferred for the purchase of instructional supplies, equipment, or other classroom materials.
- State funds for non-instructional support position salaries may be transferred only for teacher positions.
- Funds allocated for special education, driver's education or for students with limited English proficiency may not be transferred.
- Funds allocated for alternative schools/at-risk students may only be spent on programs for alternative learning, at-risk students or school safety programs.

These are not the only provisions of this statute; careful review of the statute will provide guidance about budget flexibility. Notice that, in most cases, in order to take advantage of the flexibility offered, schools must ensure that their school improvement plan sets forth the flexibility that is being requested. General Statute 115C-105.26 articulates the method by which other parts of state law (including funds allotments) may be waived as part of a school improvement plan, the development of which is described in detail in General Statute 115C-105.27.

Particular attention is devoted in the statutes to the use of staff development funds. Local boards are required to distribute 75% of the staff development funds to the schools to be used in accordance with the school improvement plans. By October 1 of each year, the principal is required to disclose to all affected staff the total allocation of funds available to the school for staff development. At the end of the year, the principal is required to report all disbursements made from building-level staff development funds. Clearly, the General Assembly believes that school improvement is necessarily supported by staff development training, for which funds are allocated and which should be used for that purpose.

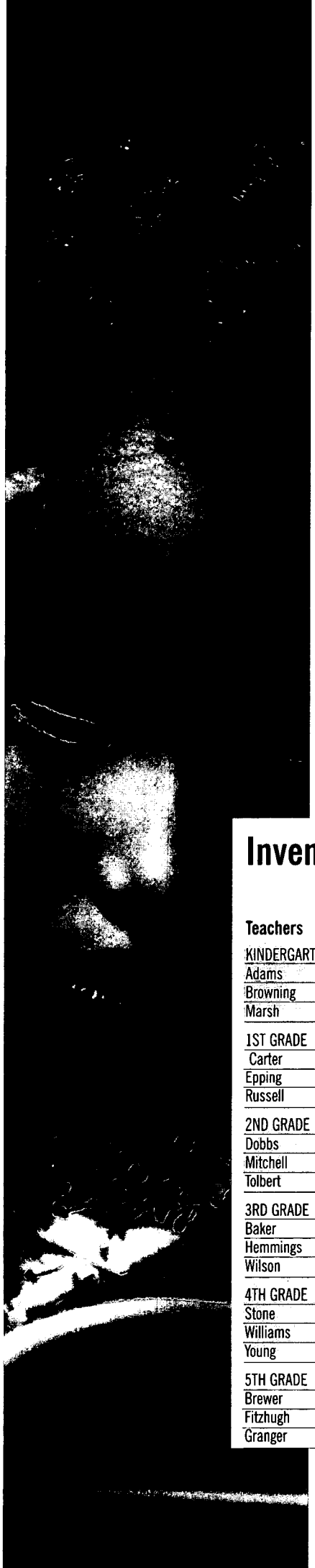
The school's budget is an important source of information about the school improvement priorities that have been established in the plan. Ensuring an alignment between the plan and the funds available is an important step in thinking about resources. Oftentimes, it is easier to simply divide the available funds by the number of teachers who work in the school. This may or may not be the best strategy.

For example, a group of 5th grade teachers may forego some of "their" part of the budget in order to purchase instructional materials that will be used in the primary grades, because the teachers believe that better 5th grade results will occur when students learn to read well in the early grades. Similarly, if science improvement is a major focus for the school, all the teachers may agree to use available funds for the purchase of science equipment.

Earlier in this document, we talked about the special needs of teachers who are new to the profession and/or to the school. Teachers are very good at saving equipment, supplies and materials from one year to the next. When teachers come new into a school, they may not find the necessary (or useful) equipment and supplies that they need. It is an amazing thing that, even after a school has spent money to buy all the calculators for all their students, there will still not be enough calculators for the new teacher to have a classroom set. Therefore, the people who are working to ensure that the school improves may want to set aside some of their funds to purchase needed equipment for classes taught by "new" teachers. This will require us to move beyond the notion that the only "fair" way to divide funds is equally among all the teachers.

Taking Inventory

Other resources are provided in schools and should be considered when thinking about school improvement. Do some classrooms have more computers than do others? Do some teachers (through their own efforts, to be sure) have several classroom sets of novels, or very extensive classroom libraries? Taking an inventory of the supplies, equipment, and materials is one of the ways in which school improvement teams can understand



about the available resources and their distribution. Sometimes, it will be found that materials are available but not working. However, purchasing batteries for non-functioning calculators, for example, is cheaper than buying new calculators, or, worse still, doing without the calculators. Such an inventory can be taken using our old friend the spreadsheet. An example is provided in Chart 9.

Resources of money and equipment may be essential in making the school improvement plan work. By aligning the resources of the school with the specific strategies and goals of the plan, there will be created a synergy that keeps everything moving in the same direction, heightening the likelihood that the plan will be successfully implemented. Moreover, by creating data that represents the material resources of the school, more of the staff can be involved in helping to create the plan and, at least theoretically, will be supportive of the goals and will work towards their fulfillment.

9 inventory

Inventory of Books IN CLASSROOM LIBRARIES

Teachers	Science	Social Studies	History	Biography	Math	Fiction	Poetry	Pictures	Remarks
KINDERGARTEN									
Adams									
Browning									
Marsh									
1ST GRADE									
Carter									
Epping									
Russell									
2ND GRADE									
Dobbs									
Mitchell									
Tolbert									
3RD GRADE									
Baker									
Hemmings									
Wilson									
4TH GRADE									
Stone									
Williams									
Young									
5TH GRADE									
Brewer									
Fitzhugh									
Granger									



School Improvement Plans & Data

Collecting, studying and understanding the data that reside in schools and school districts is intended to lead to the use of those data in designing a school improvement plan. Throughout this document, we have identified and described a number of data sets that either exist in the school or that could be created using simple tools such as a spread sheet. We have also described some of the ways in which the data can be used and we have voiced cautions about extending the use of data beyond reasonable limits. In this section, we will summarize a process for using data to influence the creation and monitoring of a school improvement plan.

Needs Assessment

Many schools begin their process of creating the plan by conducting a needs assessment. Needs assessments try to describe the difference between what we hope for (perhaps articulated as a mission statement or a set of goals) and what we have actually accomplished. The needs assessment process should focus on information – both statistical and non-statistical – that helps us understand how our school is currently performing. By focusing our attention on goals that we are committed to we can make the needs assessment process more efficient. In some cases, the description of the discrepancy between what is and what is desired can be described using statistics. For example, if we want 95% of students reading on grade level, and we have evidence that currently 80% of tested children are reading on grade level, then the discrepancy between our goal and our current reality is 15% of our students.

Studying the ABCs Growth Report

Because the state accountability program emphasizes specific areas of the curriculum, it is often helpful to begin the needs assessment process by examining the ABCs Growth Report to determine where our school stands in terms of the amount of growth that was achieved during the last school year.

When we look down the column marked "Standard Growth" on this report, any negative numbers should catch our attention. In these areas, growth was less than was expected, so we will probably need to do something different next year in order to ensure that this goal is met. At this point, we don't need to think about what will be different; it is enough to realize that something will need to be changed if we expect our growth in this area to improve.

Looking at Last Year's Plan

In addition to looking at the ABCs Growth Report, it is also helpful to evaluate our school improvement plan from last year. There, we set out the goals that we hoped to accomplish during the 2000/01 school year. How successful were we at meeting these goals? Do we need to continue to work on some of them? Are there some that should be abandoned? Are we pleased by our success in some areas and how do we now go about maintaining that level of accomplishment? All of these are questions that should drive the needs assessment process. During the needs assessment process, the work, ideas and insights of a large number of people are helpful. Further, including as many people in the needs assessment process as possible helps ensure that ownership and responsibility for implementing the school improvement plan will be shared broadly. By focusing everyone's attention on a common set of goals, the likelihood that we will achieve the improvement goals is strengthened.

Analyzing the Data

Once the data are collected, they must be analyzed. It is important to ensure that everyone who will be involved in the analysis phase of the plan development understand how to interpret the reports of data and that there is basic agreement about the meaning of the reports. For example, if our students didn't gain as much in reading as we had hoped, it is important that everyone agree that that is what the report is saying. It is also important to observe, of course, that all students made some gains. We can agree that we need to get more growth without having to agree that the reading program is in terrible trouble or that our students can't do any more. Remember that even good schools can improve their performance.

As we begin to analyze the data, we are trying to understand how they reflect the reality of our school. During the analysis phase, we may wish to include careful examination of Goal Summary Reports and think about our past use of resources of time and material. Did we spent as much instructional time on geometry as we did on problem solving? Is that difference reflected in the performance of our

students on these two areas of the curriculum? Did we use supplementary reading materials more and, if so, did that make a difference in our reading scores last year as compared to the year before? Using the frequency distribution reports, we can look at the successes experienced by some students but not others. How might we account for these differences? Certainly we realize that intellectual talent is not evenly distributed through a population of students, but our goal ultimately is that every student will at least make a year's worth of growth for a year of study. Was that accomplished? Why or why not? The analysis of data really is an opportunity to be creative (but not fantastic!) as we try to explain and understand the conditions that might have led to the results that the data reflect.

Establishing Goals and Strategies

After analyzing the data, we will want to determine what goals, expressed in measurable terms, we wish to strive for next year. Once we have established goals, then we need to think about the strategies that we will undertake to meet these goals. Some of the strategies will be undertaken by individuals working in their classrooms. Moreover, we need to consider whether any of the strategies will require a waiver from current state law or local policy. If so, consulting with central office staff or DPI staff may offer some indication whether the waiver is likely to be granted. If we believe that the waiver is necessary and will be granted, then we need to identify the specific law or policy that we seek to have waived. This will need to be included in the plan.

As we think about the goals we are establishing, we also need to think about how we will monitor the implementation of the strategies on an on-going basis to see if they are having the desired effect. Some of the strategies may require that the staff learn new ways to use materials, or time, or equipment. If so, we need to be sure to include a training component in our improvement plan so that everyone will be able to implement the strategies that we've agreed upon. In some cases, we may need to acquire new tools, manipulatives, books, and so on. As we think about the strategies that we are selecting, we should also be thinking about the cost of implementing these. That's where our school budget will be consulted. Can we afford to implement the strategies we've selected? If not, is there another strategy that can be implemented that will be almost as good, but less costly, than our first strategy choice?

Examining Data at the Classroom Level

The same strategies for examining data at the school level can, of course, be conducted at the classroom level. That is, the frequency distribution reports, goal summary reports, and some of the performance prediction reports available from the state's ABCs Tools software can help an individual teacher examine the outcomes of his/her practice. By carefully analyzing the performance of students on specific goals and objectives and by examining the performance of groups of students, the teacher can discover areas for improvement in work conducted in the individual classroom. ABCs Tools can calculate predicted growth for groups of students (based on ethnic/racial and gender characteristics), which may be helpful in this analysis. Because student data files must be re-rostered in order to apply the predictors, it is possible to obtain a goal summary report for the work tested in the prior year, too. This will provide the teacher with a report of the achievement by specific goal and objective for the current class, as if they had all been together in the year before.

Getting Feedback on the Plan

Once the entire set of school-level data have been analyzed, and the strategies, resources, and goals have been established, it will probably be helpful to circulate a draft copy of the school improvement plan to all the school staff and community stakeholders who will be affected by the plan. They should provide a critical review, focusing on the following questions:

1. Do I believe that the mission of the school is accurately described?
2. Do I think that the goals of the plan support the mission?
3. Do I agree that the strategies are likely to accomplish the goals of the plan?
4. Does the plan include the resources needed to implement the strategies?
5. Is the system for monitoring the implementation of the plan clear?
6. Am I personally willing to do my part to implement the plan?
7. Are there strategies not mentioned that I think could help accomplish the goals?
8. Am I able to support the plan as set forth?

Once the plan has been reviewed, then a formal vote of support should be taken and the plan should be forwarded to the local Board of Education for endorsement. After that, we're ready to start to work!

Throughout this document, there are some assumptions that underlie the discussion. One of these is that school faculty and staff are committed to bringing about improvement in the services offered in their school. A second assumption is that school faculties and staff feel competent to institute changes in their school practice. Still a third assumption has been that information can be used to help make decisions about targets and strategies of improvement. Finally, there has been the assumption that information exists in the school or in the district that can help school administrators and staff make purposeful decisions about improvement.

To the degree that any of these assumptions is not shared by those who use this document, the process of school improvement will probably fall short of its ultimate goal. Therefore, creating opportunities for faculties and staff in schools to examine their assumptions as they engage in school improvement efforts may be a crucial first step in this process. Certainly, schools will be held accountable for their work. It is greatly to be hoped that this document helps people in schools understand the challenges and opportunities that accountability systems provide.

However, while the existence of the accountability system in our state provides both motive and impetus for school improvement, it is probably true that most educators would strive for improvement – of their students, of their schools, and of themselves – even without a requirement that school improvement plans be established. This personal professional commitment is what will ultimately result in ensuring that all children learn at high levels in all of our schools, all the time.

postscript

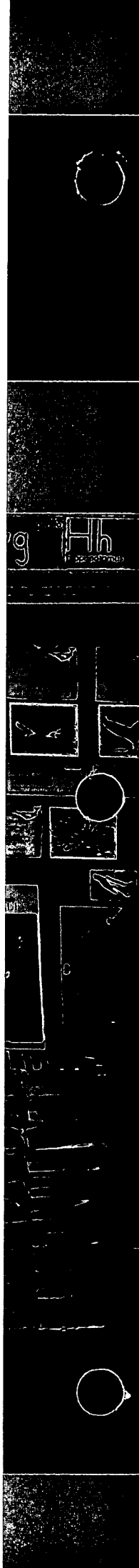
No Child Left Behind Legislation

In 2002, the federal government enacted the No Child Left Behind legislation, which will have important impacts on schools and schooling throughout the nation and in North Carolina. In many ways, North Carolina – whose ABCs program was one of the models for this federal legislation – has a leg up on this school improvement and accountability program. For example, the law requires that states continue to implement annual reading and mathematics assessments at least once in each of the following grade spans: 3-5; 6-9; and 10-12. Also, the new law requires that states participate in the National Assessment of Educational Progress (NAEP). Because of North Carolina's annual testing program, these provisions of the law will not require anything new be done in our state. However, the federal law also requires that schools test students in science, beginning in 2007-08. This will require the development and implementation of new tests for North Carolina students.

No Child Left Behind also includes new rules and regulations for teachers and teacher's assistants. For example, the law requires that all teachers must be fully licensed within 4 years. In addition, there are requirements for the professional education of teacher's assistants. While many of the provisions of the new law are understood, other parts – and their impact on North Carolina – will only become clear once final rules are disseminated later this year.

Much of the interest in the new federal legislation stems from the accountability portions of the law. Student achievement data will be analyzed annually to ensure that all sub-groups of students are making adequate yearly progress (AYP). Thus, achievement will be analyzed based on student characteristics: race and ethnicity, poverty, disability, and Limited English proficiency. The goal is for all students to be proficient within 12 years. Students in Title I schools that fail to meet annual AYP objectives for two consecutive years must be permitted to transfer to a better public school. If Title I schools continue to fail to achieve their objectives, then students would be able to use federal Title I funds to obtain additional education services from public or private sector providers. Moreover, Title I schools that continually fail to achieve their goals could see staff replaced or could be restructured.

Many of the rules for implementing the law have not been published nor determined. Since this program will be coordinated with similar testing and personnel regulations and programs in North Carolina, it will be important for educators to stay abreast of developments as they occur. An easy way to do that is by accessing the Public Schools of North Carolina web site: www.ncpublicschools.org/esea/. Additional information at the web site includes answers to frequently asked questions about teacher and teacher assistant requirements as well as about funding and new programs associated with No Child Left Behind. Check it out frequently.



NCNETWORK

PMB 318, 514 Daniels St, Raleigh, NC 27605
tel 919.832.7215, fax 919.832.0812
www.ncnetwork.org

NCNETWORK

2003-2004 End of the Year Report

The following information provides a brief listing of the Network's accomplishments for 2003-04.

1. **State Funding**. The Network was held harmless from budget reductions for the second year of the biennium for a total budget of **$283,500.00**. The Office of State Budget Management (OSBM) allots a monthly installment of $23,625.00 which is paid to the Network's fiscal agent, Wilson County Schools, through the NC Department of Public Instruction. The procedure for monthly allocation does mean that the Network is subject to monthly adjustments at the discretion of the OSBM should revenues come in at lower rates. Additional procedures for reports and audits for non-profits were also approved during the 03-04 short session of the General Assembly which increased reporting requirements and procedures.

2. **Personnel.** The Network continued the full-time employment of a Director to manage the Network activities and contracted with Brunswick County Schools for a teacher on loan position. The teacher on loan provided support services for candidates seeking certification in Facilitative Leadership® Training.

3. **Expansion.** The Network Council agreed that new districts would not be added to the Network due to budget cuts in 03-05. However, in an effort to continue to provide services, the Council agreed to add partners that would receive services on a cost basis. As a result, Carteret County Schools, Johnston County Schools and Granville County Schools were added as partners. It is beneficial to both the partner and member districts since it created additional training sessions in Facilitative Leadership that were used to certify training candidates.

Myra Best Director
PMB 318, 514 Daniels St
Raleigh, NC 27605
tel 919.832.7215
fax 919.832.0812
bestmyra@bellsouth.net
www.ncnetwork.org

Coordinating Council
Theresa Banks
Madison Co. Schools
Kathy Dickson
Cumberland Co. Schools
Michelle Fagan
Buncombe Co. Schools
Emmett Floyd
Member At Large
Janet Furman
Craven Co. Schools
Robert Heffren
Rowan-Salisbury Schools
Sam Houston
Member At Large
Allen Johnson
Asheville City Schools
Ethan Lenker
Jones Co. Schools
Katie McGee
Brunswick Co. Schools
Carolyn McKinney
NC Association of Educators
Tom McNeel
Caldwell Co. Schools
Danny McPhearson
Whiteville City Schools
Jeff Moss
Beaufort Co. Schools
Anthony Parker
Johnston Co. Schools*
Neil Pedersen
Chapel Hill-Carrboro Schools
Joe Peel
Wake Co. Schools
Larry Price
Wilson Co. Schools
Bill Stegal
Union Co. Schools
Steve Stone
Edgecombe Co. Schools
Allen Strickland
Hoke Co. Schools
Alan Teasley
Durham Public Schools
Kenneth Wells
Perquimans Co. Schools
Jayne Wolfskill
Hertford Co. Schools
Brock Womble
Hyde Co. Schools

* Represents Partner Districts

NC Network Partner School Districts
Numbers of Schools, Employees, and Students (2003-2004)

LEA	Schools*	FT Employees †	Students*
Charter Member Districts			
Brunswick County	16	1341	10899
Chapel Hill-Carrboro City	15	1531	10402
Craven County	22	1780	15469
Durham Public Schools	44	4025	31459
Edgecombe County	15	1040	7789
Hyde County	4	160	712
Jones County	6	232	1501
Rowan-Salisbury Schools	30	2544	21342
Wake County	123	12977	103970
Wilson County	23	1533	12578
Member Districts 99-00			
Asheville City	8	668	4111
Buncombe County	40	3090	25613
Cumberland County	84	6313	54636
Hertford County	6	517	4038
Madison County	6	429	2617
Perquimans County	4	315	1763
Whiteville City	5	349	2845
Member Districts 00-01			
Caldwell County	25	1620	13100
Hoke County	11	757	6759
Union County	34	2878	24868
Member Districts 01-02			
Beaufort County	14	922	7545
Partner Districts 02-03			
Carteret County	16	1195	8447
Granville County	16	1060	8561
Johnston County	32	3170	22977
Totals	**599**	**50,346**	**412,448**
Partner Organizations			
East Carolina University			
North Carolina Science Mathematics and Technology Education Center			
SouthEastern Region Vision (SERVE)			
National Education Association			
North Carolina Association of Educators			

*Source: *Statistical Profile*, Public Schools of North Carolina, 2003

1. **Facilitative Leadership® Training Status**. The Network holds the state license for Facilitative Leadership® Training. This means that the Network has achieved the capacity to provide certification training session to certify trainers in FL®. The Network maintains five Master Trainers in Facilitative Leadership® (FL). This status means that the Network can offer certification-training sessions for the cost of Trainer manuals ($250.00) and expenses for participants. The Network was able to offer two sessions in

Train the Trainer since partner districts pay for the service which offset any costs to the Network during 03-04.

The Network continued with the certification of those trainers who were in process as well as those trained in the Train the Trainer sessions. This brings the Network's total number of certified trainers to 40 with an additional 19 in process for certification. It is important that the Network continues to certify candidates due attrition (retirement and job relocation). Those who are certified trainers are no longer able to train FL® once they leave a Network District as specified by the license agreement with the Interaction Institute for Social Change (IISC).

Facilitative Leadership® Training Sessions. The Network has trained one hundred and fifty five (155) sessions of FL for School Improvement Team Members since August of 1999. The following information provides an overview of the evaluation results from these sessions. This information is taken from the evaluations completed by participants at the end of each three-day (3) training session and is maintained on the Network web page for evaluation purposes.

The table below shows the overall cumulative averages for the one hundred and fifty five (155) Facilitative Leadership® Training sessions provided by the North Carolina Network from August 1999 to present. Row one (1) refers to the evaluation for the overall program while row two (2) refers to the degree to which the objectives were met during the training. These scores are based on a scale of 1 to 5 with a score of 5 being the highest. Based on the overall results, the program content and objectives are consistently rated high by participants.

Facilitative Leadership® Program - Overall Averages	
1. Overall Score Averages:	**4.73**
2. Objectives Accomplished Averages:	**4.79**
Trainers' Averages	
3. Instructor Knowledge Averages:	**4.73**
4. Instructor Delivery Averages:	**4.70**

Rows three (3) – four (4) show the evaluation results for the trainers who delivered the training. These results include training candidates as well as lead and master trainers and are based on a scale of one (1) to five (5) with a score of 5 being the highest. Row three (3) shows the results of the instructors' knowledge of the content as perceived by the participants while row four (4) shows the results of the instructors' delivery or training style as

perceived by participants. Based on the overall results, the trainers' knowledge and delivery style are consistently rated high by participants.

The table below shows the overall averages for each NCN Member District/Partners for 2003-2004

District	Trainings Offered	Overall Score	Objectives Accomplished	Instructor Knowledge	Instructor Delivery	Overall
Asheville	0					
Beaufort	1	5	4.94	4.91	4.89	4.93
Brunswick	1	4.67	4.33	5	5	4.83
Buncombe	1	4.15	4.62	4.8	4.77	4.65
Caldwell	2	4.81	4.87	4.63	4.49	4.66
Carteret	1	4.95	5	4.87	4.79	4.88
Chapel Hill	2	4.76	4.67	4.69	4.65	4.69
Craven	3	4.88	4.92	4.93	4.93	4.89
Cumberland	2	4.87	4.98	4.91	4.83	4.89
Durham	6	4.87	4.87	4.87	4.81	4.84
Edgecombe	2	4.38	4.67	4.57	4.52	4.55
Granville	0					
Hertford	0					
Hoke	2	4.88	4.92	4.93	4.85	4.89
Hyde	0					
Johnston	1	5	4.64	4.82	4.9	4.85
Jones	0					
Madison	0					
Perquimans	1	4.53	4.47	4.89	4.67	4.69
Rowan-Salisbury	0					
Union	2	4.67	4.74	4.78	4.74	4.75
Wake	6	4.8	4.86	4.83	4.8	4.82
Whiteville City	1	4.63	4.74	4.82	4.74	4.75
Wilson	1	5	5	5	4.94	4.98
ECU	0					

2. **Facilitative Leadership Trainer Status**. The Network continues to work towards its goal to ensure that each district maintains three (3) certified trainers, however due to attrition rates and job reassignments the progress towards that goal varies each year. The Chart below provides information about the number of certified trainers, candidates, training sessions needed and the number of trainers needed by each district.

District/Organization	# Certified	# Candidates	Status	Trainers Needed
Beaufort County	2	2	3	0
Brunswick County	4	0	3	0
Buncombe County				3
Caldwell County	3		1	0
Carteret County	0	2	4	1
Chapel Hill-Carrboro	3	1	1	

Craven County	4	1		0
Cumberland County	1	2	4	0
Durham Public Schools	6			0
East Carolina University	1			N/A
Edgecombe County	3	1	2	0
Hertford County	0	0	0	3
Hoke County	3		0	0
Hyde County				3
Johnston County	2	1	2	0
Jones County	0			3
Madison County	0			3
NCAE	1	2	2	0
Network	1			N/A
Perquimans	0			3
Rowan-Salisbury	0			3
Union County	1	2	4	0
Wake	4	0	0	0
Whiteville City	0	1	2	2
Wilson County	1	2	4	0
Totals	**40**	**17**	**32**	**24**

Following this report is a listing of all trainers and their status.

3. **Facilitative Leadership® Follow-Up Training**. Joe Peel, Debbie Newman and Myra Best developed and designed a one day follow-up training in FL®. This program is designed to offer additional support to those who have completed the three day training. The purpose of the training is to offer support in mastering the content and application of FL®. Those trainers who attended the Annual FL® Trainers' Meeting in September 03 reviewed and refined the program. It was piloted twice, in March and June 04 and refined before its final distribution. The Network will offer training to those certified Trainers who wish to use this process in their districts.

   Facilitative Leadership® Training is a collaborative planning process designed for those leaders who understand the value of involving others in the planning of and making decisions about their work. The Facilitative Leader recognizes his or her role as well as their responsibility to put a process in place that invites others to share their ideas, opinions, and knowledge so that their organization is successful. They also recognize that being a Facilitative Leader is an evolving process that requires continued self assessment, reflection and learning about their individual behavior and practice in collaborative processes. With that in mind, the Follow-up Training was created to assist in the continued coaching and learning of the successful implementation in the Seven Practices of Facilitative Leadership®.

The training manual is designed for Facilitative Leadership® trainers to use in providing follow-up training sessions for Facilitative Leaders who have been trained in the three day Facilitative Leadership® workshop. The training materials are designed so that multiple sessions may be offered to continue to develop the skills of those who have been trained in FL. Those trainers who have been trained in this are now able to offer 1 or ½ day follow-up training on skills specific to each group. This can also be used to do monthly leadership training for those principals and school improvement team leaders who have completed FL to ensure its use at the school level. There is no cost to the districts as manuals have been printed and provided to trainers.

4. **Facilitative Leadership® District Reports**. The Network provided to each district a summary report of all FL® trainings conducted in their district, a listing of all trainers and the status of those in the certification process. The reports also included the evaluation results for each trainer along with recommendations for improvement. The primary purpose of these reports is to update the district on FL® services provided by the Network and assists them in planning for additional training. A manual was also developed on trainer guidelines that include the training process, FL® Standards and support training information.

5. **Facilitative Leadership® Trainer Annual Meeting**. The Network held its annual trainer meeting for all certified FL trainers on September 2003 at the Harriett Webster Staff Development Center in Raleigh NC. This meeting is required for all certified trainers or for a representative from each district. The purpose of this year's meeting was to review and refine the FL® Follow-Up Training.

6. **Sharing Day**. The Network held its Sharing Day on March 17, 2004 at the Sheraton Four Seasons Hotel and Convention Center in Greensboro, NC. This collaboration with the Governor's Education Office was to promote and support the Teacher Working Conditions Survey that was done in April and May. The conference featured Richard Ingersoll, Representative Douglas Yongue, Senator Linda Garrou, Ann McArthur, Governor's Teacher Advisor and various presenters from across the state on issues related to Teachers' working conditions. There were 275 participants from across the state who attended the conference.

Budget Report			
	Revenue	**Expended**	**Balance**
Network budget	$27,000.00		
Deposits for non member registration	$995.00		
Speaker fee/expenses		$2,462.44	
Meals/lodging/room rental/breaks/AV		$17,744.54	

Printing: Program, registration brochure, and conference packet		$2,514.50	
Table decorations door prizes		$472.94	
Total	**$27,995.00**	**$23194.42**	**$4,800.58**

This is at a cost of $115.72 per person. The Network typically budgets $45.00 per person, however, due to the committee's decision to delay the Sharing Day and combine the budgeted amount of $13,500 from 02-03 with 03-04 resources, the Network was able to budget $27,000.00. **For fiscal year 04-05, the proposed budget amount is $18,300 which includes the balance of $4800.58 plus $13,500.00.**

Note: Historically the Network provides the cost for 15 participants per district based on $45.00 per person. If a district chooses to bring more, then the district pays for any number over 15.

7. **Statewide Conference**. The Network hosted its statewide conference for school improvement teams from January 25-27 at the Holiday Inn Sunspree in Wrightsville Beach. The conference was themed: ***"Sailing to the High ABC's."*** There were 300 participants and of those 125 were non members. They represented 88 schools and 30 school districts. The conference format was team focused with hands on work with using data to make decisions about student achievement. The primary materials utilized during the conference included:

   - Conference Folder: This included a conference program, a Blueprint for Educational Improvement, and current handouts on accountability changes and other information specific to School Improvement Planning.
   - Conference Planning Notebook: This notebook included the history of the development of education in North Carolina, current initiatives by the Governor and the State Board of Education, revised guidelines for SBM, planning forms, the Working Conditions Results and Closing the Achievement Gap information.
   - Conference Resource Notebooks: These notebooks included sample school improvement plans from Elementary, Middle and High Schools.

   Analysis of the returned evaluation forms indicated that for the most part, participants in the conference were very satisfied with their experience. They learned many things that they could implement back in their schools, they appreciated the mix of information and work sessions, and they valued the time to work with their colleagues. Some suggestions for improvement that might bear careful consideration include planning sessions in which teachers and principals can share their successes, providing sessions for "job alike" groups, and providing more time/attention to the specific issues and needs of high schools. While most respondents liked the hotel and the beach, there

were several suggestions that the timing be moved to the summer and that a more central location for the conference be found.

Conference Budget 04			
	Revenue	**Expended**	**Balance**
Network Budget	$22,000		
Participant Registrations	$33,308		
Rental/av/lodging/meals/breaks		$33,308	
Speaker fees		$12,000	
Printing/program/reg. brochure		$9,822	
Materials/notebooks		$8,140	
	$55,308	$63,270	*$7,962

The cost was approximately $210.00 per person.

Registration fees:	Members:	$100.00
	Non Members:	$150.00

***Note:** This exceeded the budgeted amount, however, it also included printing of Network folders, notepads that are used for FL training and Blueprint Docs that are given to each Network school.

8. **Network Web Site.** The Network Director maintained the website with current information related to the School Improvement Planning and resources for FL® trainers. The site also includes a database of all training provided so that the Network can continuously update and refine the training it provides. In addition, it provides information to each district and trainer about the quality of training they are providing.

9. **Crucial Conversations.** The Network Director received her certification as a trainer in Crucial Conversations so that the Network can explore the potential of this training. The training supports the Facilitative Leadership Training currently offered by the Network by developing skills that enable leaders and others to have difficult conversations and continue to maintain positive working climates and relationships.

Description of the Public School Forum Which Administers the North Carolina Teaching Fellows Program

The Public School Forum of NC is a not for profit policy think tank which is a partnership of business leaders, educational leaders, and governmental leaders in North Carolina. Since opening its doors in 1986, the Forum has evolved into an organization that has made a significant contribution to schools across North Carolina. While the organization's work has touched virtually every aspect of education in the state, the Forum's work is mainly in four areas:

- Proposing the creation of the Teaching Fellows Program and administering the Program since 1986. During that time over 7,000 Fellows scholarships have been awarded and almost 2,900 Teaching Fellows now work in schools across the state. In 2000-2001 both the State Teacher of the Year and the Walt Disney National Teacher of the Year were graduates of the Fellows Program. In 2004-05, both Milkin $25,000 Award winners were Teaching Fellows graduates.

- Setting the public policy framework for North Carolina's entry into school accountability with the passage of the 1989 School Improvement and Accountability Act.

- Proposing major changes to the way in which North Carolina funds its schools – changes which have resulted in over $100 million of supplemental funds going to low wealth and small schools each year and the establishment of the North Carolina School Technology Fund.

- Creating a one-of-a-kind Institute for Educational Policymakers, a capacity-building center that focuses on members of the General Assembly, the State Board of Education and reporters who cover their actions.

In addition to research and work in the public policy arena, the Forum oversees programs in communities across the state. Currently, the organization has created and oversees a network of twenty elementary and middle school programs that offer at-risk young people the hourly equivalent of eighty additional days of school and another network of high schools that have introduced hands-on technology training into their curriculum. The Forum also administers a weekly seminar leadership development program for mid-career professionals and leadership development program for school administrators.

For almost twenty years the Forum has remained true to its mission of "contributing to the creation of a system of schools that is second to none." In recent years the Forum's work has gained national attention. In 1998, the Forum's work was cited in a RAND Corporation study as one of the factors that led to North Carolina gaining recognition from the National Education Goals Panel for having made the most progress toward national goals for education. In 1999 the Forum was named education's "State Coalition of the Year" by the National Alliance of Business (NAB).

The work of the Forum now extends beyond the state's borders. The Forum is responsible for a six-state effort aimed at building stronger business and educational partnerships, and the Forum has provided assistance to states as diverse as New Hampshire, Mississippi and Ohio as they created Forum-like organizations.

NC Teaching Fellows Program
Funding History

State Funding	FY 2000-01 [1]	FY 2001-02 [2]	FY 2002-03 [3]	FY 2003-04 [4]	FY 2004-05*
State Appropriation					
Recurring (R)	$570,564	$498,227	$490,657	$510,860	$510,657
Non-Recurring (NR)					
Other Revenue Sources					
Actual Year-End Expenditures	($585,882)	($555,530)	($510,860)	($525,427)	($527,746)
Difference (Cash Balance)	**($15,318)**	**($57,303)**	**($20,203)**	**($14,567)**	**($17,089)**

[1] Includes $150,000 from Trust Fund

[2] Includes $150,000 from Trust Fund

[3] Includes $150,000 from Trust Fund plus $20,000 for collections preparation from Trust Fund

[4] Includes $150,000 from Trust Fund plus $20,000 for collections preparation from Trust Fund

*** Projected figures for FY 2004-05**

Public School Forum/Teaching Fellows Collections Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation					
Recurring (R)	$96,000	$106,000	$0	$0	$0
Non-Recurring (NR)					
Other Revenue Sources					
Actual Year-End Expenditures	($70,770)	($86,829)			
Difference (Cash Balance)	**$25,230**	**$19,171**	**$0**	**$0**	**$0**

* Projected figures for FY 2004-05

Transferred to NCSEAA as of Aug.1, 2002

Organizational Chart for the NC Teaching Fellows Program

(All staff are employees of the Public School Forum. All except Dornan, Hanford Perez, Poteat, and Norris are assigned full-time to the Teaching Fellows Program.)

John Dornan
President/Executive Director
Public School Forum

Nita Hanford
Business Manager
Public School Forum

John Poteat
Director of Research
Public School Forum

Kyrin Perez
Receptionist
Public School Forum

Jo Ann Norris
Associate Executive Director, Public School Forum
Administrator, NC Teaching Fellows Program

Gladys Graves
Director
NC Teaching Fellows Program

Danny Bland
Coordinator of Special Programs
NC Teaching Fellows Program

Lara Nowell
Coordinator of Information Services
NC Teaching Fellows Program

Sherry Woodruff
Program Officer
NC Teaching Fellows Program

Lynne Stewart
Administrative Assistant
NC Teaching Fellows Program

THE BEST AND THE BRIGHTEST SHOULD BE TEACHERS: NORTH CAROLINA'S TEACHING FELLOWS PROGRAM MAKES THIS A REALITY

In the ten years preceding 1986, the number and quality of students entering teacher education programs had declined. The North Carolina Teaching Fellows Program was created to reverse the trend. **Proposed by the Public School Forum of North Carolina,** the program, which provides a $6,500 per year scholarship to outstanding high school seniors who agree to teach four years in a North Carolina public or government school following graduation from college, **is the most ambitious statewide recruitment program in the nation.** It was created through the collaborative efforts of business, educational and legislative leaders in an effort to encourage outstanding high school seniors to enter the teaching profession. In its eighteenth year of operation, the Program is achieving that goal. Already over 7,200 of North Carolina's brightest and most talented high school seniors have been selected as North Carolina Teaching Fellows. Currently, almost 2,900 Teaching Fellows graduates are teaching in the public schools of North Carolina. The award recipients for the nineteenth class will be notified on April 1, 2005.

The North Carolina Teaching Fellows Commission, appointed by the Governor, Lieutenant Governor, President Pro Tempore of the Senate, Speaker of the House of Representatives and Chair of the State Board of Education, develops the policies and regulations governing the Program. The staff of the Public School Forum of North Carolina, a non-profit partnership of business, educational and political leaders from throughout North Carolina, administers the Program.

The scholastic profile of Teaching Fellows in the first eighteen classes is an SAT over 1150, a high school grade point average of 3.8 on a 4.0 weighted scale and class ranking in the top ten percent of their graduating classes. The average SAT score of the 2004-05 recipients is 1205, a GPA of 4.3 on a weighted scale, and a class rank in the top 7 percent. This year, approximately 21 percent of the 400 recipients are minority and 32 percent are male.

The Fellows' selection process occurs at the school district and regional levels. Screening committees are composed of educational, political, and community leaders from across the state. Over 1,200 volunteers are involved each year in identifying award recipients at the local and regional levels. Since its inception in 1986, over 35,000 students have applied for the Teaching Fellows Scholarship. It has become one of the most prestigious awards in North Carolina.

The Teaching Fellows Program is currently limited to fourteen public and private institutions with teacher education programs. Each institution must design unique and specific programs for Teaching Fellows and undergo an annual review and evaluation conducted by the Commission. Each institution must provide a full-time faculty member to serve as the Teaching Fellows Campus Director. The Campus Directors work closely with Forum staff to develop and implement programs, which further the goals established by the Teaching Fellows Commission. These Program Goals include:

⇒ Providing an academically and culturally enriched program that extends well beyond the regular college program.

⇒ Providing opportunities and experiences that encourage the development of leaders and decision-makers.

⇒ Providing opportunities for building an understanding of education's place in a broader social and economic context.

⇒ Instilling a sense of mission, service and professionalism in the Teaching Fellows.

⇒ Improving the image of teacher education candidates and teacher education programs campus-wide.

⇒ Recruiting and retaining greater numbers of male and minority teacher education candidates in North Carolina.

These broad goals are designed to encourage innovative and creative approaches to teacher preparation. Participating institutions have been given much latitude to develop unique program components. The fourteen institutions are encouraged to be non-traditional in their approaches to program development. The Teaching Fellows Program has become a catalyst for change. Some institutions have included new course offerings in the curriculum for credit that incorporate some of the latest research and thinking about teacher preparation. Course topics such as *The At-Risk Student, Leadership in the Classroom, Cultural Diversity in the Social Context* are preparing students to think in new ways about school structure, collegiality and parental involvement.

A sequential program beginning in the freshman year includes structured observations and tutoring as part of field experiences. Several institutions provide rich pre-student teaching experiences for Teaching Fellows in the same school until graduation. This continuity and sequence provides public school experiences that foster a greater understanding of the total school program and the school community.

Mentors, faculty sponsors, graduate assistants, faculty advisors and campus directors are involved with the total student development. Teaching Fellows are required to attend designated cultural and multicultural activities as a group with follow-up discussions and seminars.

Institutions are requested to focus on the leadership development of Teaching Fellows. Leadership qualities such as visionary thinking and risk taking are encouraged. These qualities, so often under valued in teachers and missing in many educational leaders, are stressed. Students are challenged and encouraged by business and political leaders to see beyond the teacher in the classroom and to think about the connections of education to the quality of life and the economic survival of our state. Through internships, mentor relationships, seminars and other activities, students are exposed to university and community leaders who can expand their perspectives and challenge them to think differently.

Summer experiences, developed and coordinated by the Public School Forum staff, are designed to enhance the campus program and give insights into the challenges facing Fellows when they enter the classroom. The first summer program, DISCOVERY TRIP, a 1600 mile trip across the state gives the rising sophomores a first-hand look at NC. The rising juniors attend a summer enrichment experience chosen from a list of over 30 options and then attend a conference that focuses on preparing teachers to respond to the needs of a diverse student population. During the summer preceding the senior year, Fellows are required to attend an Orientation Week in a school system which gives them an introduction to the school system community and an understanding of the overall operation of a school district. Following that experience, the rising seniors come together for their last time as a cohort in a three-day conference which focuses on the theme, "Survive and Thrive".

North Carolina has invested in a program that develops and prepares quality teachers and strong school and community leaders. The Teaching Fellows Program is making a difference in the caliber of students coming into teaching. They are passionate, committed young adults who can make our schools "second to none."

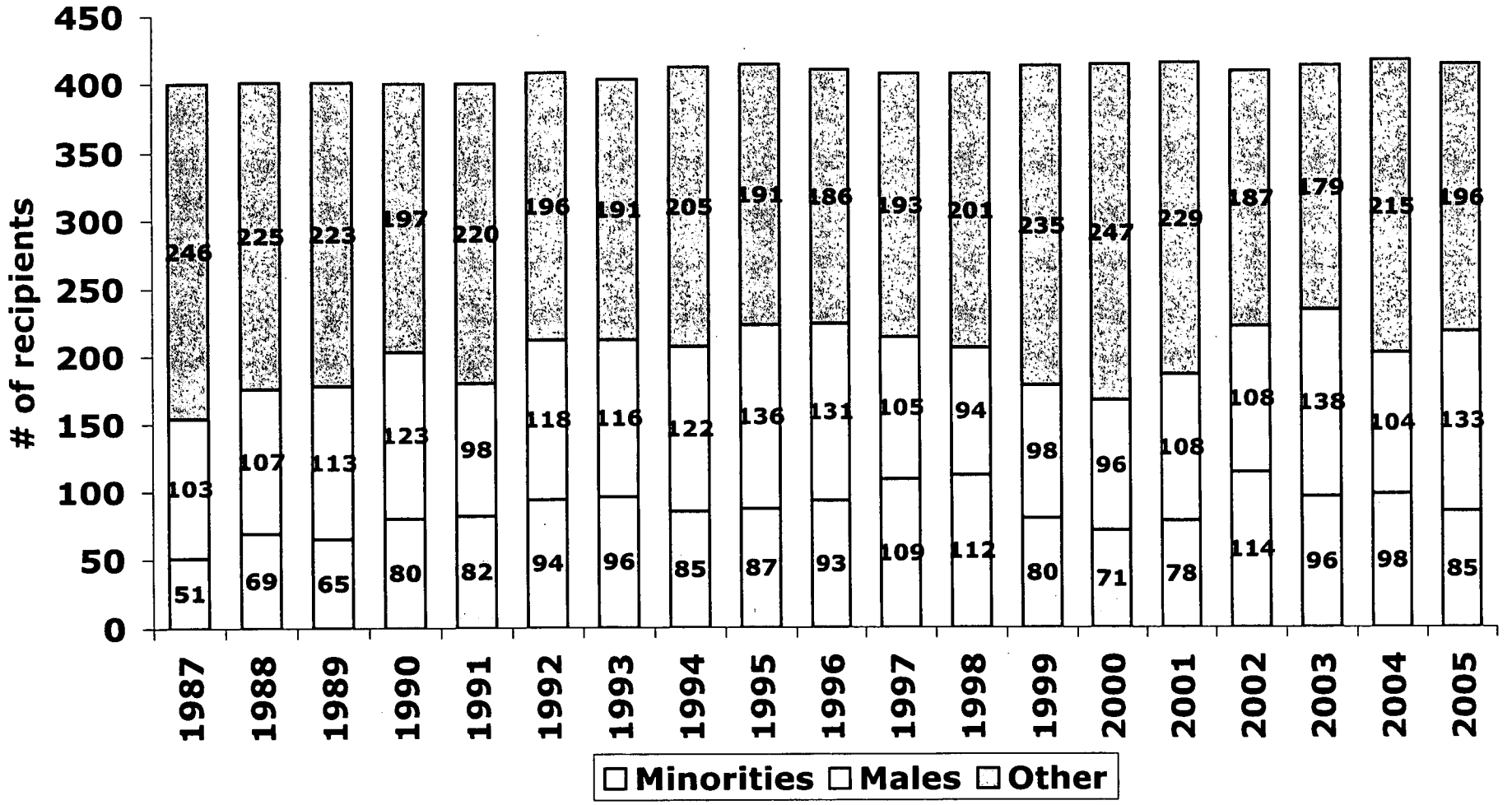
Public School Forum of NC/Teaching Fellows Program

Budgeted Expenditures

FY 2004-05

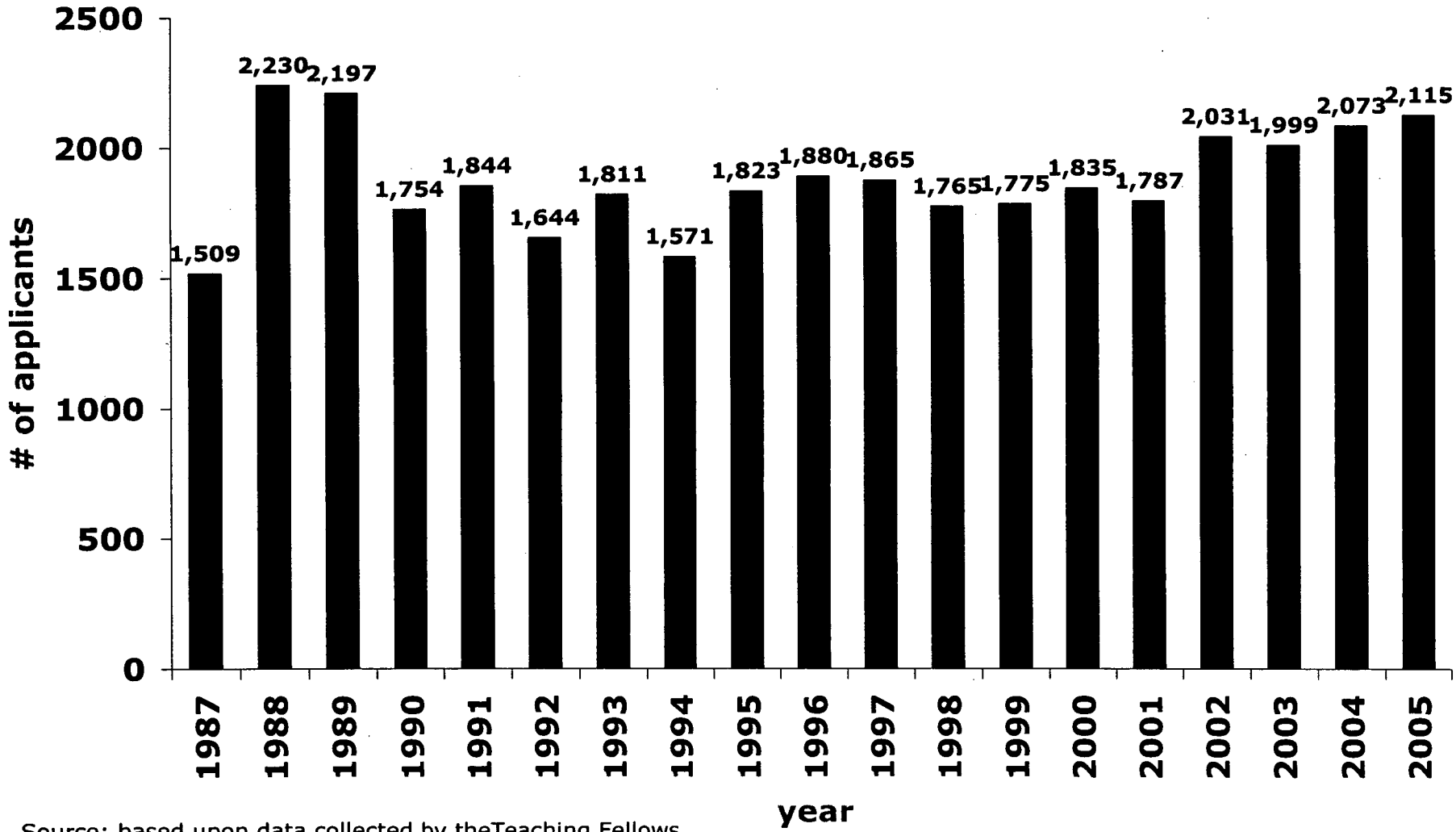
	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	$261,962	
2	Benefits	$81,334	
3	Part-Time Help	$12,000	
4	**Total Personnel Services**	$355,296	67.32%
5	Building Rent/Lease	$65,000	
6	Equipment Rental/Lease	$10,100	
7	Travel	$5,500	
8	Telephone	$6,500	
9	Accounting	$9,000	
10	**Total Purchased Services**	$96,100	18.21%
11	Supplies/Postage/Printing	$41,000	
12	Applications	$4,200	
13	**Total Supplies**	$45,200	8.56%
14	Furniture	$1,000	
15	Computers	$0	
17	**Total Equipment**	$1,000	0.19%
18	Commission Meetings	$4,500	
19	Directors Meetings	$2,500	
20	Regional Screening	$13,500	
21	Campus Evaluations	$2,800	
22	Webpage	$2,000	
23	Affiliations	$500	
24	Subscriptions/Books	$500	
25	**Total Meetings/Eval./Support**	$26,300	4.98%
26	**Insurance**	$2,850	0.54%
27	**Total Other (misc.)**	$1,000	0.19%
28	**Total Budget**	$527,746	100.00%

Teaching Fellows Recipients, 1987-2005



Source: based upon data collected by the Teaching Fellows Commission

Teaching Fellows Applicants, 1987-2005



Source: based upon data collected by theTeaching Fellows Commission

NORTH CAROLINA
TEACHING FELLOWS
PROGRAM

Hon. Susan Burgess, Chair

Dr. Thomas Dowell
Rev. William Foust
Mr. Franz Holscher
Mrs. Colleen Lanier
Mrs. Linda Little
Dr. Jane Norwood
Dr. Shirley Prince
Mr. Roby Shore
Mr. Vernon Thompson
Dr. LeRoy Walker

THE BEST AND THE BRIGHTEST SHOULD BE TEACHERS: NORTH CAROLINA'S TEACHING FELLOWS PROGRAM MAKES THIS A REALITY

In the ten years preceding 1986, the number and quality of students entering teacher education programs had declined. The North Carolina Teaching Fellows Program was created to reverse the trend. **Proposed by the Public School Forum of North Carolina, the program is the most ambitious statewide recruitment program in the nation.** It was created through the collaborative efforts of business, educational and political leaders in an effort to encourage outstanding high school seniors to enter the teaching profession. In its eighteenth year of operation, the Program is well on its way to achieving that goal. Already 7,343 of North Carolina's brightest and most talented high school seniors have been selected as North Carolina Teaching Fellows. Almost 2,900 Teaching Fellows graduates taught in the public schools in one hundred North Carolina counties in academic year 2004-05. The award recipients for the nineteenth class will be notified on April 1, 2005.

HOW DO WE ATTRACT THE BEST AND BRIGHTEST INTO TEACHING?

Proposed by the Public School Forum of North Carolina in 1986 and funded since 1987 by the North Carolina General Assembly, the North Carolina Teaching Fellows Program now provides a **$6,500 per year scholarship to outstanding high school seniors** who agree to teach four years in one of North Carolina's public schools or government schools following graduation from college.

The North Carolina Teaching Fellows Commission, appointed by the Governor, Lieutenant Governor, President Pro Tempore of the Senate, Speaker of the House of Representatives and Chair of the State Board of Education, develops the policies and regulations governing the Program. The staff of the Public School Forum of North Carolina, a non-profit partnership of business, educational and political leaders from throughout North Carolina, administers the Program.

The Forum initially proposed the Fellows Program as part of *Who Will Teach Our Children,* a ten point teacher recruitment proposal. This plan also provided for one teacher per high school to be designated as a Teacher Recruitment Officer. No longer funded, these individuals promoted the teaching profession to community groups and students in their schools. Their efforts fostered a greater sense of pride within the professional community, and teachers recruited their top students to enter teacher education. Although all of the components of the proposal were adopted by the NC General Assembly, only the Teaching Fellows Program and the Teaching Fellows Commission remain in operation and fully funded.

3739 National Drive
Suite 100
Raleigh, N.C. 27612
(919) 781-6833
Fax (919) 781-6527
E-mail: tfellows@ncforum.org
www.teachingfellows.org

THE TEACHING FELLOWS PROFILE

The ***scholastic profile*** of Teaching Fellows in the first eighteen classes is an SAT score over 1160, a high school grade point average of 3.8 on a weighted scale and class ranking in the top ten percent of their graduating classes. The average SAT score of the 2004-05 recipients is 1196, a GPA of 4.28 on a weighted scale, and a class rank in the top 7 percent. Approximately 26 percent of the 400 recipients are minority and 24.5 percent are male.

The Fellows' selection process occurs at the school district and regional levels. Selection committees are composed of educational, political, and community leaders from across the state. Over 1,200 volunteers are involved each year in identifying award recipients at the local and regional levels. Since its inception in 1986, 35,508 students have applied for the Teaching Fellows Scholarship. It has become one of the most prestigious awards in North Carolina.

HOW IS THE TEACHING FELLOWS PROGRAM RESHAPING TEACHER PREPARATION IN NORTH CAROLINA?

The Teaching Fellows Program is currently limited to fourteen public and private institutions with teacher education programs. Each institution must design unique and specific programs for Teaching Fellows and undergo an annual review and evaluation conducted by the Commission.

Each institution must provide a full-time faculty member to serve as the Teaching Fellows Campus Director. The Campus Directors work closely with Forum staff to develop and implement programs, which further the goals established by the Teaching Fellows Commission. These Program Goals include:

⇒ Providing an academically and culturally enriched program that extends well beyond the regular college program.

⇒ Providing opportunities and experiences that encourage the development of leaders and decision-makers.

⇒ Providing opportunities for building an understanding of education's place in a broader social and economic context.

⇒ Instilling a sense of mission, service and professionalism in the Teaching Fellows.

⇒ Improving the image of teacher education candidates and teacher education programs campus-wide.

⇒ Recruiting and retaining greater numbers of male and minority teacher education candidates in North Carolina.

These broad goals are designed to encourage innovative and creative approaches to teacher preparation. Participating institutions have been given much latitude to develop unique program components.

The fourteen institutions are encouraged to be non-traditional in their approaches to program development. The Teaching Fellows Program has become a catalyst for change. Some institutions have included new course offerings in the curriculum for credit that incorporate some of the latest research and thinking about teacher preparation. Course topics such as *The At-Risk Student, Leadership in the Classroom, Cultural Diversity in the Social Context* are preparing students to think in new ways about school structure, collegiality and parental involvement.

A sequential program beginning in the freshman year includes structured observations and tutoring as part of field experiences. Several institutions provide rich pre-student teaching experiences for Teaching Fellows in the same school until graduation. This continuity and sequence provides public school experiences that foster a greater understanding of the total school program and the school community.

Mentors, faculty sponsors, graduate assistants, faculty advisors and campus directors are involved with the total student development. Teaching Fellows are required to attend designated cultural and multicultural activities as a group with follow-up discussions and seminars.

Institutions are requested to focus on the leadership development of Teaching Fellows. Leadership qualities such as visionary thinking and risk taking, which for so long have under valued in teachers and missing in many educational leaders, are stressed. Students are challenged and encouraged by business and political leaders to see beyond the teacher in classroom and to think about the connections of education to the quality of life and the economic survival of our state. Through internships, mentor relationships, seminars and other activities, students are exposed to university and community leaders who can expand their perspectives and challenge them to think differently.

SUMMER EXPERIENCES

Summer experiences, developed and coordinated by the Public School Forum staff, are designed to enhance the campus program and give insights into the challenges facing these students when they enter the classroom. The first summer program, DISCOVERY TRIP, gives the rising sophomores a first-hand look at the state. Traveling on nine buses over 1600 miles for seven days; the Fellows see every possible area of North Carolina including industry, farms, high tech, corporate, and schools. They also have additional opportunities to hear North Carolina authors, and see and hear music and drama. They quickly come to realize the diversity of a land and its people and the impact of mores and economic conditions upon schools in a locale.

The rising juniors attend a summer enrichment experience chosen from a list of over 30 options, ranging from a four-day Outward Bound Course, environmental education, computer and biotechnology workshops, and numerous opportunities for travel abroad, some including credit for study. The Fellows then attend a conference that focuses on preparing teachers to respond to the needs of a diverse student population. Outstanding teachers identified by the North Carolina Center for the Advancement of Teaching are invited to serve as facilitators and work with small groups of Fellows, discussing students' concerns related to the "real world of teaching."

During the summer preceding the senior year, Fellows are required to attend an Orientation Week in a school system. This experience is designed to give students an introduction to the school system community and an understanding of the overall operation of a school district. They will interact with superintendents, curriculum supervisors, personnel directors, transportation, clerical and custodial staff as well as teachers and local governmental bodies. (In addition, this week offers opportunities to explore potential places of employment.) Some school systems also offer paid internships following the Orientation Week. The rising seniors come together for their last time as a cohort in a three-day conference around a specific theme, the most recent being, "Survive and Thrive".

A main goal of the summer programs is to provide a setting that fosters a sense of *esprit de corp* and encourages the networking and support systems needed for successful induction into the teaching profession.

SUMMARY

North Carolina has launched an exciting recruitment and retention program to ensure that its teachers are the most competent and best trained they can be. Offering comprehensive documentation and evaluation data, this program has had major significance in the state and national reform efforts to restructure teacher education. In recent years, South Carolina passed legislation authorizing a Teaching Fellows Program and federal legislation has been filed in the last two congressional sessions to implement a federal Teaching Fellows Program. The Program continues to develop leaders in education as evidenced when Laura Bilbro-Berry, a graduate of the UNC-Chapel Hill Teaching Fellows Program, and employed in Beaufort County, was named the NC 2000-2001 Teacher of the Year. National recognition came to our state in 2001 when Ron Clark, an East Carolina Teaching Fellows graduate, was named 2000 Disney National Teacher of the Year. Recently, a Teaching Fellows graduate from UNC-Chapel Hill, Sally Hundley and her teammate were recognized as 2004 DisneyHAND Teacher Awards Honorees.

A great deal of progress has been made in meeting the challenges of developing the Teaching Fellows Program, but the challenges that lie ahead may be even greater. We must be visionary as these students enter the classrooms of our state and provide the environment needed to recognize their competence and give them true professional status.

Editor's Note. — Section 115C-363.10 was previously repealed by Session Laws 1989 (Reg. Sess., 1990), c. 1066, s. 103(a).

Sections 115C-363.12 through 115C-363.14 had been reserved for future codification purposes.

ARTICLE 24C.

Teacher Enhancement Program.

Part 1. Office of Teacher Recruitment.

§§ 115C-363.15 through 115C-363.21: Repealed by Session Laws 1993, c. 321, s. 128.

Part 2. North Carolina Teaching Fellows Commission.

§ 115C-363.22. North Carolina Teaching Fellows Commission established.

There is established the North Carolina Teaching Fellows Commission. This Commission shall exercise its powers and functions independently of the State Board of Education and the Department of Public Instruction. The Public School Forum of North Carolina, Inc., shall provide staff and office space to the Commission. Staff to the Commission are not State employees. (1985 (Reg. Sess., 1986), c. 1014, s. 63(a).)

§ 115C-363.23. Membership.

(a) The Commission shall consist of 11 nonlegislative members as follows:

(1) The Chairman of the State Board of Education, or his designee;
(2) The Lieutenant Governor, or his designee;
(3) Three persons appointed by the Governor;
(4) Three persons appointed by the General Assembly on the recommendation of the President Pro Tempore of the Senate, as provided in G.S. 120-121; and
(5) Three persons appointed by the General Assembly on the recommendation of the Speaker of the House of Representatives, as provided in G.S. 120-121.

Terms of commission members appointed under this section expire on June 30 of the year of expiration. In 1990, three members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, one for a term to expire June 30, 1992, one for a term to expire June 30, 1993, and one for a term to expire June 30, 1994. In 1990, three members shall be appointed by the General Assembly upon the recommendation of the President of the Senate, one for a term to expire June 30, 1991, one for a term to expire June 30, 1992, and one for a term to expire June 30, 1993. In 1990, three members shall be appointed by the Governor, one for a term to expire June 30, 1992, one for a term to expire June 30, 1993, and one for a term to expire June 30, 1994. Subsequent appointments are for a term of four years.

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(e) The Lieutenant
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(f) Members of the
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(g) The Commission
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§ 115C-363.23A. T
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(b) Each of the appointing entities shall seek to achieve a balanced membership representing, to the maximum extent possible, the State as a whole. The Commission members shall be chosen from among individuals who have demonstrated a commitment to education.

(c) Commission members shall be appointed for four-year terms, with the first appointments to expire July 1, 1990.

(d) In the event a vacancy occurs for any reason, the vacancy shall be filled by appointment by the entity that made the appointment, except that vacancies in appointments by the General Assembly shall be filled under G.S. 120-122. The new appointee shall serve for the remainder of the unexpired term.

(e) The Lieutenant Governor or his designee shall serve as chairman.

(f) Members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with Chapter 138 of the General Statutes.

(g) The Commission shall meet regularly at times and places the chairman deems necessary. (1985 (Reg. Sess., 1986), c. 1014, s. 63(a); 1989 (Reg. Sess., 1990), c. 1038, s. 19; 1995, c. 490, s. 58.)

§ 115C-363.23A. Teaching Fellows Program established; administration.

(a) A Teaching Fellows Program shall be administered by the North Carolina Teaching Fellows Commission. The Teaching Fellows Program shall be used to provide a four-year scholarship loan of six thousand five hundred dollars ($6,500) per year to North Carolina high school seniors interested in preparing to teach in the public schools of the State. The Commission shall adopt very stringent standards, including minimum grade point average and scholastic aptitude test scores, for awarding these scholarship loans to ensure that only the best high school seniors receive them.

(b) The Commission shall administer the program in cooperation with teacher training institutions selected by the Commission. Teaching Fellows should be exposed to a range of extra-curricular activities while in college. These activities should be geared to instilling a strong motivation not only to remain in teaching but to provide leadership for tomorrow's schools.

(c) The Commission shall form regional review committees to assist it in identifying the best high school seniors for the program. The Commission and the review committees shall make an effort to identify and encourage minority students and students who may not otherwise consider a career in teaching to enter the program.

(d) All scholarship loans shall be evidenced by notes made payable to the Commission that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Commission.

(e) The Commission shall forgive the loan if, within seven years after graduation, the recipient teaches for four years at a North Carolina public school or at a school operated by the United States government in North Carolina. The Commission shall also forgive the loan if, within seven years after graduation, the recipient

teaches for three consecutive years, unless the recipient takes an approved leave of absence, at a North Carolina public school in a local school administrative unit that, at the time the recipient accepts employment with the unit, is a low-performing school system identified in accordance with Article 6A of this Chapter or is on warning status as defined by the State Board of Education. The Commission shall also forgive the loan if it finds that it is impossible for the recipient to teach for four years, within seven years after graduation, at a North Carolina public school or at a school operated by the United States government in North Carolina, because of the death or permanent disability of the recipient.

(f) All funds appropriated to or otherwise received by the Teaching Fellows Program for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds, shall be placed in a revolving fund. This revolving fund shall be used for scholarship loans granted under the Teaching Fellows Program. With the prior approval of the General Assembly in the Current Operations Appropriations Act, the revolving fund may also be used for campus and summer program support, and costs related to disbursement of awards and collection of loan repayments.

The Public School Forum, as administrator for the Teaching Fellows Program, may use up to one hundred fifty thousand dollars ($150,000) annually from the fund balance for costs associated with administration of the Teaching Fellows Program. These funds are in addition to funds required for collection costs related to loan repayments. (1985 (Reg. Sess., 1986), c. 1014, s. 63(a); 1989 (Reg. Sess., 1990), c. 1066, s. 101(a), (b); 1991 (Reg. Sess., 1992), c. 1030, s. 29; 1993, c. 330, s. 1; 1998-212, s. 9.19(a); 1999-237, s. 8.12.)

§ 115C-363.24: Repealed by Session Laws 1989, c. 500, s. 15.

§§ 115C-363.25 through 115C-363.27: Reserved for future codification purposes.

ARTICLE 24D.

Lead Teacher Pilot Program.

§ 115C-363.28: Repealed by Session Laws 1991 (Regular Session, 1992), c. 900, s. 75.1(k).

SUBCHAPTER VI. STUDENTS.

ARTICLE 25.

Admission and Assignment of Students.

§ 115C-364. Admission requirements.

(a) A child who is presented for enrollment at any time during the first 120 days of a school year is entitled to initial entry into the public schools if:

NORTH CAROLINA

TEACHING FELLOWS

PROGRAM

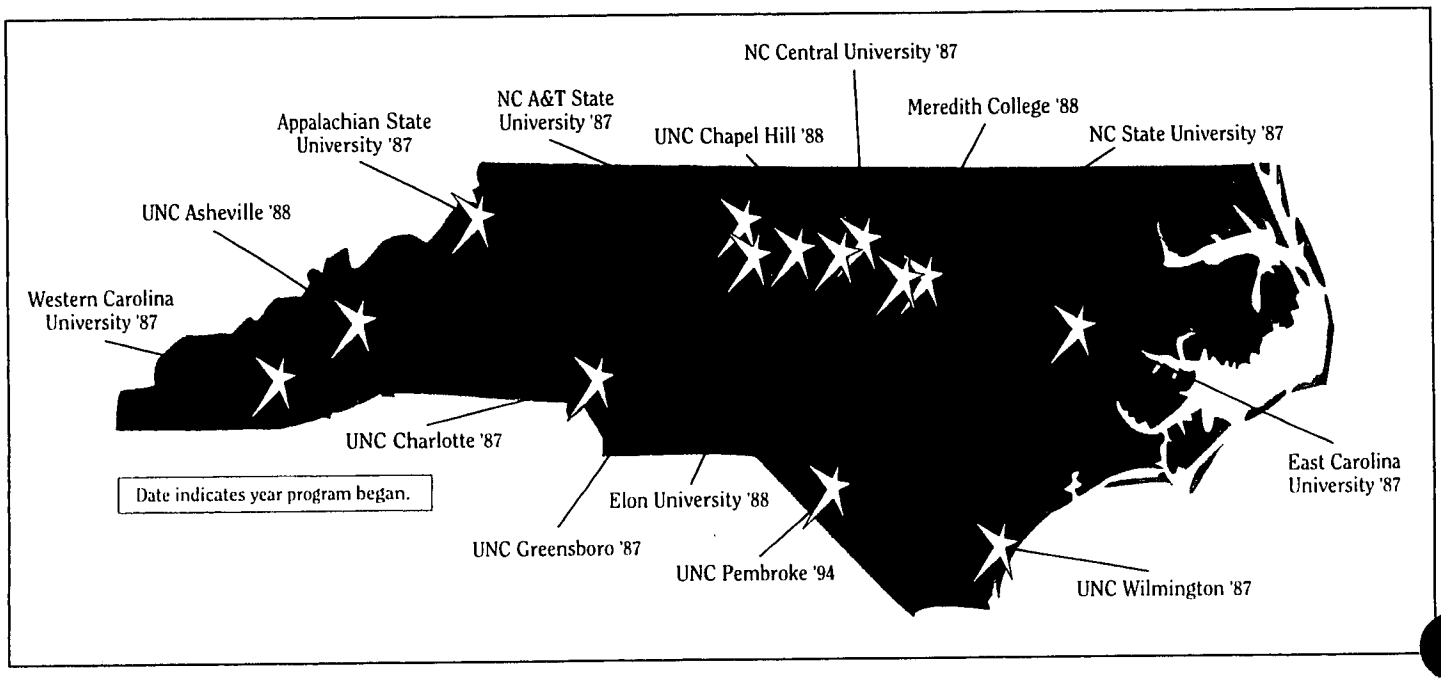
DOCUMENT A

PROGRAM INFORMATION

Documents A and B are to be given in their entirety to applicant. Applicant should return document B (application) only.

2004-2005

Colleges and Universities Participating in the North Carolina Teaching Fellows Program



Key Dates for 2004-2005 Applicants

2004	Oct 22	Completed application and three references submitted to the Teaching Fellows Liaison Counselor
	Nov 12	Local Interviews and writing essay completed
	Nov 22	Deadline for Teaching Fellows applications in Raleigh office by 5:00 pm
	Dec 3	**Deadline for new SAT/ACT scores to be received in Teaching Fellows office**
2005	Jan 14	2005 Regional finalists notified (letter mailed from Raleigh by this date)
	Jan 21	2005 Regional finalists list online (www.teachingfellows.org)
	Jan 29 & 30	Optional recruitment days at specific campuses for regional finalists
	Feb 5 & 6	Optional recruitment days at specific campuses for regional finalists
	Feb 12	Screening interviews for regional finalists in regions 1, 2, and 3
	Feb 19	Screening interviews for regional finalists in regions 5, 6, and 8
	Feb 26	Screening interviews for regional finalists in regions 4 and 7
	Mar 5	Statewide make-up day for regional interviews for regional finalists
	Apr 1	2005 recipient notification (letter mailed from Raleigh by this date)
	Apr 8	2005 award recipients and alternates online (www.teachingfellows.org)
	Apr 15	Deadline for award acceptance
	June 18	Freshman Orientation, Raleigh Conference and Convention Center (All recipients and parents or guardians are required to attend; alternates are encouraged to attend.)

Teaching: A Career for the Future

As people look to the future of North Carolina, one profession is cited more and more as holding the key to the state's well-being. That profession is teaching. Economic, political and business leaders are realizing that an ever changing economy requires people who can "think for a living." Thinking for a living depends on the quality of the education provided by the teachers who work with North Carolina's 1.3 million young people. This recognition, combined with rapidly increasing numbers of students in schools, has dramatically heightened the demand for highly qualified teachers. As a result of this increased demand, the North Carolina General Assembly has initiated pay raises and other program innovations to make the teaching profession more attractive. While teacher salaries historically have been lower than those paid to other college graduates, North Carolina's teacher salaries continue to increase. Today, a beginning teacher in North Carolina will make $25,380*. For teachers holding a masters degree, the beginning salary will be $27,920*.

Also, the state is improving working conditions by making class sizes smaller and providing teachers with more time to plan and work with individual students. In addition, the State Board of Education and legislative action are bringing a real opportunity for true involvement at the school level. In short, North Carolina is making a major drive to improve the salaries and conditions of teaching. There are also new support programs for beginning teachers that include mentors, professional development, and more time for new teacher orientation.

The Demand for Teaching is Increasing – NC Facing Teacher Shortage

A basic question for any college student is whether there will be a job waiting after graduation from college. For students **preparing to be teachers** the answer to that question is "Yes."

North Carolina, with the rest of the country, has seen major shifts in the job market in recent years. North Carolina's student population will increase by 20,000 every year for the next several years. Between 7,000 and 9,000 new teachers will be needed each year in our public schools. Additional teacher allotments have added thousands of new teaching positions over the past decade. Combined with the fact that North Carolina is one of the country's fastest-growing states, the job outlook for future teachers is excellent, particularly **if they are willing to relocate and accept challenging positions.**

The North Carolina Teaching Fellows Program

In order to meet the increasing demand for top quality teachers for North Carolina's public schools, the General Assembly in 1986 established the North Carolina Teaching Fellows Program. **The most ambitious teacher recruitment program in the nation, the Teaching Fellows Program provides $6,500 per year, for a maximum of four years of college, to 400* high school seniors who agree to teach for four years in North Carolina's public schools after being graduated from college.** The Program is governed by the North Carolina Teaching Fellows Commission, a group of 11 individuals who are appointed by the Governor, Senate President Pro Tempore, Speaker of the House, and State Board of Education Chair. The Commission Chair is appointed by the Lieutenant Governor. The Program is administered by the Public School Forum of North Carolina.

The Goals of the Program

- Provide an academically and culturally enriched preparation program that extends beyond the regular college program
- Provide opportunities and experiences that encourage the development of leaders and decisionmakers
- Provide opportunities for building an understanding of education's place in a greater social context
- Instill a sense of mission, service and professionalism in the Teaching Fellows
- Improve the image of teacher education candidates and programs campus-wide
- Recruit and retain greater numbers of male and minority teacher education candidates in North Carolina

*Pending final approval by the General Assembly.



Not Everyone Can Be a Teaching Fellow

The qualifications for becoming a Teaching Fellow are stringent. Applicants are screened and interviewed by committees within their school district and, then, by a regional screening committee. **The local and regional committees examine a number of criteria, including high school grades, a writing sample, class standing, SAT/ACT scores, extracurricular activities, references and an interview.**

The Teaching Fellows Program is succeeding in attracting many of North Carolina's brightest and best students into teaching. Since the first awards in 1987, Teaching Fellows award recipients continue to have high scholastic profiles. Applicants must have at least 900 on the SAT by December 3, 2004 to proceed in the screening process.

Application Selection & Process

The North Carolina Teaching Fellows Program is open to current 2003-2004 North Carolina high school seniors and high qualifying juniors accepted for college admission who are interested in becoming teachers and are legal residents of North Carolina under General Statutes 116-11(7) and 116-144 and citizens of the United States. **(Dependents of military personnel are eligible only if the parent/guardian has declared North Carolina as their state of residence.)**

Each applicant file must include:

- An application form completed by the candidate
- A high school transcript and verification of SAT/ACT scores
- A writing sample *(to be completed at a time and place designated by the Teaching Fellows School District Screening Committee chairperson)*
- Three reference forms obtained online or from the counselor. *No other references will be considered. Students are encouraged to select persons who know them well to complete their references.*
- If in a home school, verification of the school's registration with the NC Division of Non-Public Schools

All applicants for the Teaching Fellows awards with Scholastic Profile Composite Scores of 35 or above will be interviewed by a local committee composed of people from the applicant's community. Applicants who are selected as regional finalists will be screened by a committee composed of people from the educational region in which the applicant lives. At both the local and regional levels, applicant files will be reviewed and selected candidates will be interviewed. The committees will evaluate the applicants on their application material and the quality of their interviews. All application material is confidential. **Completed applications, regardless of source, must be returned to the Teaching Fellows Liaison Counselor's office no later than October 22, 2004.**

Local screening and interviews will be completed by **November 12, 2004.** Regional screening and interviews will be completed by **March 5, 2005.** Award winners will be informed of the Teaching Fellows Commission's decision by letter postmarked by **April 4, 2005.**

Applicants must apply to and be accepted by the colleges of their choice offering the Teaching Fellows Program.

Recipient Requirements

Teaching Fellows award recipients will be required to maintain a minimum 2.20 cumulative grade point average (GPA) at the end of the Fellow's first semester of the freshman year, a minimum 2.25 cumulative GPA at the end of the freshman year, and a minimum cumulative 2.50 GPA at the end of the sophomore year, including course work in his/her teaching field and each semester thereafter. Fellows must also maintain appropriate credit hours by the end of the freshman year and each semester thereafter and be admitted into Teacher Education by his/her junior year. Several campuses require 2.75 or higher for admission to Teacher Education. Students should obtain information about unique features and requirements of specific campus programs and majors from each campus admissions office.

Teaching Fellows **are required to participate in designated campus activities and selected summer programs.** Some programs will be limited in duration (1-3 weeks) and others will be designed as extended internships. Up to $400 per year of the Teaching Fellows award may be held in escrow to defray the costs of summer programs. **Teaching Fellows are required to participate in each summer experience unless specifically exempted by the Teaching Fellows Commission. This may delay summer school or job participation until after the completion of the summer experience.**

Teaching Fellows are required to live in on-campus housing assigned by the institution during their freshman year and reside on site for all summer experiences. Living in private dorms, apartments, and/or fraternity/sorority houses is not permitted in the freshman year. There are no exceptions to this policy.

Academic Year & Summer Activities

Unique programs have been designed for the Teaching Fellows at each of the selected institutions. These programs include seminars, cultural events, faculty mentor programs, local school visitations and study-abroad programs. A strong emphasis is placed on leadership development skills and activities that will give the Teaching Fellows a broad range of experiences beyond the required course work.

Each summer during their college career, Teaching Fellows participate in special activities to expand their knowledge about the role of education and to enhance their preparation as effective teachers.

- **Rising Sophomores: Discovery Trip,** a seven-day trip across the state exploring schools, business and culture
- **Rising Juniors: Junior Enrichment,** a choice of week-long seminars, travel opportunities or internships and **Junior Conference,** focusing on cultural diversity issues
- **Rising Seniors: Senior Orientation,** a week-long visit to a school system, and **Senior Conference,** focusing on new systems of teaching and learning

Each Teaching Fellow is required to participate in these special activities and summer programs.



Frequently Asked Questions

Q1: If I am selected as a Teaching Fellow, what are my obligations?

A:
- Accept the scholarship offer and secure a co-signer for the promissory note (co-signer must be a parent or guardian if you are under 18).
- Enroll as a full-time student at an institution designated by the Teaching Fellows Commission for the academic year after receiving the award. There are 14 institutions designated as Teaching Fellows campuses.
- Pursue studies, as a full-time student, leading to licensure to teach at graduation in North Carolina's public schools. This includes **passing the PRAXIS II, if required, before graduation.**
- Maintain a minimum 2.25 cumulative grade point average on work attempted each semester during the freshman year. By the end of the sophomore year, Teaching Fellows will be required to have a 2.5 cumulative grade point average on all work attempted and meet the requirements for admission into a teacher education program. Campuses may have different GPA requirements for admission into Teacher Education.
- Participate in special summer programs each summer and other special activities as established by the Teaching Fellows Commission and campus programs. Summer programs may vary in length from seven days to employment/internship in summer schools or with other state agencies or businesses. Up to $400 per year of the Teaching Fellows award may be held in escrow to defray the costs of summer programs.
- If male, show evidence of registration with the military selective service.

Q2: How many years do I have to repay the scholarship/loan? Can I do graduate work or begin a family and still fulfill my obligations for repayment?

A: You will have seven years after graduation from college to repay your obligation to the state of North Carolina **by teaching as a licensed full-time teacher in a NC public school.** If you teach for four of the seven years, your debt is repaid. If you do not teach, you will begin repayment of the loan, with a 10% interest charge, payable in equal monthly installments over a period of seven years. You do not have to begin teaching or repaying the loan immediately after graduation if you are enrolled as a full-time graduate student in related studies at an institution of higher education. (**The seven-year pay back period may not be used by Fellows to complete doctoral studies or advanced degrees in fields not related to teaching, i.e., law, medicine, pharmacy, engineering, and so on.**) If you begin teaching and leave for graduate work to enhance your teaching license or to begin a family, you are obligated to begin repayment at such time as you no longer have enough years remaining to fulfill your teaching obligation. The Commission can, on request, make an exception in cases of emergency. If you withdraw from the Program, or if you are removed from the Program because you do not meet the required GPA/credit hours or are not attending required activities, your scholarship/loan repayment begins 180 days from notification, even if you are still attending college. The Commission may call in your loan at any time if it determines you will not repay in teaching service.

Q3: Will I be guaranteed a job when I graduate?

A: No, but with the teacher shortage, additional teacher allotments, and the increased student enrollment in North Carolina, there will be a strong demand for new teachers. Also, the status and quality of Teaching Fellows are such that school districts are eager to employ those who have completed the Program. Due to supply and demand, Fellows are encouraged to consider all job opportunities regardless of locale in North Carolina.

Q4: What are some of the features of the Teaching Fellows Program that make it different from other scholarships or teacher education programs?

A: Teaching Fellows will be recognized on each campus as outstanding students and future teachers. Every effort will be made through a variety of training experiences to expose Teaching Fellows to the worlds of education and business. Classes, seminars, field trips, internships, conferences, and social and cultural events will be integrated into your program during the academic year and during the summer months. Many campuses will have faculty mentors or teachers from elementary and secondary schools working with Teaching Fellows on a one-to-one basis as coaches and advisors. Some campus programs include travel and study abroad.

Q5: Do I have to live on campus?

A: Teaching Fellows **must** live in on-campus housing during their **freshman year** and reside on site for all summer experiences. No exceptions will be made for any reason for freshman residency. Several institutions make arrangements for you to live in the same residence hall with other Teaching Fellows.

Q6: Does this scholarship automatically guarantee my acceptance as a student at one of the institutions listed?

A: No. You must apply and be accepted by the institution you wish to attend. This includes requests for housing and all other requirements of application by that particular institution. We encourage applicants to apply to at least their first, second and third choice institutions. *Since the Commission has set a limit of 60 Teaching Fellows per campus, you may not be able to attend your first choice institution if you accept a Teaching Fellows award. Institution choices must be made carefully. Teaching Fellows identified as regional finalists will have an opportunity to make a final selection for their first, second, third, fourth and fifth choice institutions on the day of their regional interview.* ***These choices are final.***

Q7: What would happen if I decided to transfer to another college?

A: You may remain in the Teaching Fellows Program as long as you transfer to another institution participating in the Program, provided space is available in your class in the Teaching Fellows Program on that campus. There are 14 institutions where the Program is currently being offered *(see list on page 5)*. If you decide to transfer to an institution not offering the Teaching Fellows Program, you will be required to repay any amount of the scholarship, with 10% interest, which you have received to that date. Payment will begin 180 days after notification. Teaching Fellows freshmen may NOT transfer until the sophomore year. Teaching Fellows who wish to transfer must be in good standing academically.

College Selection

Teaching Fellows award recipients must apply to and be accepted by the college or university they wish to attend. Applicants will be notified as to which institution they have been assigned when they receive notification of having been selected for a Teaching Fellows award. The Teaching Fellows Commission has set a limit of 60 Teaching Fellows per campus; therefore, some students may not be able to attend their first choice.

After Teaching Fellows are selected, each participating institution receives the names of all applicants who have designated it as their first choice. **If there are more than 60 applicants on the list, the college or university selects the applicants it wishes to accept into the Program at its institution.**

Names of applicants who are not selected by their first choice will be forwarded to their second choice institution. If necessary, names will be forwarded to the institution of third choice, fourth choice and fifth choice.



Laura Bilbro-Berry, North Carolina Teacher of the Year 2000-01, is a graduate of the Teaching Fellows Program at UNC-Chapel Hill. She is employed in Beaufort County Schools and is a recent appointee to the North Carolina Teaching Fellows Commission.



Catherine Hazelton, NCCU graduate, teaches in the Guilford County School System and is a member of the North Carolina Teaching Fellows Commission. Catherine was in the first class of Teaching Fellows (1987).

College Costs

Teaching Fellows award recipients receive a state grant of $6,500 per year for four years. **Up to $400 may be escrowed each year by the Commission to fund the summer experiences.** The remaining funds are transferred in semester installments to the institution in each Fellow's name.

The financial aid office at each of **the public institutions** will subtract all costs for tuition, room, board, and fees and issue a check to the Fellow for the remaining funds, if any. Fellows will be responsible for all costs which exceed the state grant of $6,500.

The two private colleges participating in the Teaching Fellows Program must guarantee to Teaching Fellows who choose to attend them, at a minimum, an amount for costs of tuition, room, board and fees equal to the amount of the state grant of $6,500 per year. **Fellows attending private colleges will be responsible for all costs which exceed the grant and the college match. Elon and Meredith both include the legislative tuition grant and campus awards as a part of their match.**

Funds are disbursed at the beginning of each semester, **but only after the Fellows' grades and credit hours have been verified by the Commission staff. Teaching Fellows should have enough money on hand until scholarship funds arrive each semester. Funds are not disbursed for summer school.**

Information regarding specific costs at each campus may be obtained from the admissions office at each institution.



ADDITIONAL NOTES

LOWER CAPS The following institutions have lower caps: Elon University - 25; Meredith - 25; NCSU - 40; UNC-Wilmington - 35.

RECONSIDERATION A recipient who accepts the award at a campus other than his/her first choice may keep his/her name active for reconsideration if a vacancy occurs at the first choice campus by signing the statement of request on the acceptance form.

REJECTION OF AWARD Rejection of the award by the recipient removes that recipient from further consideration, even if a vacancy occurs at the recipient's first choice campus.

UNC-CHAPEL HILL MAT PROGRAM UNC-Chapel Hill does not have a Teacher Education Program for secondary, K-12 music, and foreign language majors. These Fellows must complete a fifth year MAT Program at their own expense. Fellows must meet all minimum requirements for admission into graduate school.

Participating Colleges & Universities Directors

The North Carolina Teaching Fellows Program is currently offered at 14 North Carolina colleges and universities. For information about these institutions, contact your high school counselor or the Teaching Fellows Directors listed below.

Appalachian State University
Dr. Pam Schram
301 Edwin Duncan
Boone, NC 28608
(828) 262-2233
schrampw@appstate.edu

East Carolina University
Ms. Mary Beth Corbin
203 Speight Building
Greenville, NC 27858-4353
(252) 328-4126
corbinm@mail.ecu.edu

Elon University
Ms. Janice Richardson (Plumblee)
Campus Box 2105
Elon, NC 27244
(336) 278-6255
richards@elon.edu

Meredith College
Ms. Allynna Stone
209 Ledford Hall
3800 Hillsborough Street
Raleigh, NC 27607-5298
(919) 760-2334
stonea@meredith.edu

NC A&T State University
Ms. Sharon Hoard
NC Teaching Fellows
1601 East Market Street
Fort IRC Building-Room 17
Greensboro, NC 27411
(336) 334-7175
shoard@ncat.edu

NC Central University
Ms. Katrina Billingsley
2081 New School of Education
712 Cecil Street
Durham, NC 27707
(919) 530-7292
kbillingsley@wpo.nccu.edu

NC State University
TBA
College of Education
408 Poe Hall - Box 7801
Raleigh, NC 27695-7801
(919) 515-5519

UNC-Asheville
Ms. Brenda Hopper
Department of Education
146 Zageir Hall, CPO 1950
Asheville, NC 28804-8508
(828) 251-6901
bhopper@unca.edu

UNC-Chapel Hill
Mr. Howard Machtinger
School of Education
CB #3500 Peabody Hall
Chapel Hill, NC 27599-3500
(919) 962-0897
howard_machtinger@unc.edu

UNC-Charlotte
Dr. Misty Hathcock
College of Education/Dean's Office
9201 University City Boulevard
Charlotte, NC 28223
(704) 687-4542
mchathco@email.uncc.edu

UNC-Greensboro
Ms. Toni Knight
P.O. Box 26171
Greensboro, NC 27402-6171
(336) 334-3410
tfknight@uncg.edu

UNC-Pembroke
Ms. Karen Granger
School of Education
P.O. Box 1510
1 University Drive
Pembroke, NC 28372-1510
(910) 521-6495
karen.granger@uncp.edu

UNC-Wilmington
Ms. Kathleen Benzaquin
601 S. College Road
Watson School of Education
Wilmington, NC 28403-5986
(910) 962-4001
tfellows@uncw.edu

Western Carolina University
Ms. Carol Burton
G22 McKee
Cullowhee, NC 28723
(828) 227-7056
burton@email.wcu.edu

A Letter from the Chair

When members of the North Carolina General Assembly looked for ways to improve our public schools, they learned that having the most competent teachers in the classroom mattered most. To that end, the General Assembly created the Teaching Fellows Program to attract the "best and brightest" high school students into the field of education. The General Assembly also required that the Program be designed to enrich the college experience with cultural and professional opportunities that would make the recipients even better and more dedicated teachers. For eighteen years, the Teaching Fellows Program has been successful in doing just that.

Teaching is a high calling. The profession is demanding, challenging, and rewarding beyond measure. Teachers have the opportunity to mold lives of children and youth by not only imparting knowledge and skills but by showing them the value of setting high goals and working hard. Teachers are indeed shaping the future of our people, our families, our workforce, our nation.

If you are willing to answer this challenge, we encourage you to apply for this scholarship/loan offered by the State of North Carolina. The Teaching Fellows Program is a gift given in exchange of a promise – a scholarship with a commitment to teach in North Carolina's public school classrooms for at least four years.

On behalf of the members of the North Carolina Teaching Fellows Commission, I wish you success and fulfillment for your future.

Susan M. Burgess

Susan Burgess, Chair

NC TEACHING FELLOWS COMMISSION

- Mrs. Susan Burgess, Chair
- Dr. Thomas Dowell
- Rev. William Foust
- Ms. Catherine Hazelton
- Mr. Franz Holscher
- Mrs. Colleen Lanier
- Mrs. Linda Little
- Dr. Jane Norwood
- Dr. Shirley Prince
- Mr. Roby Shore
- Dr. LeRoy Walker

NORTH CAROLINA
TEACHING
FELLOWS
PROGRAM

Direct inquiries to: Jo Ann Norris, Administrator • Gladys Graves, Director • Danny Bland, Coordinator of Special Programs • Sherry Woodruff, Program Officer • Lynne Mikielski, Administrative Assistant • Lara Nowell, Coordinator of Information Services • tfellows@ncforum.org

NOTE Documents A and B are to be given to the applicant. ONLY Document B should be returned.

DOCUMENT B

APPLICATION FORM

To the Applicant: Only current high school seniors who are U.S. citizens and legal residents of North Carolina are eligible. *Complete this application and return with three sealed reference forms to your Teaching Fellows Liaison Counselor by* ***October 22, 2004.***

NORTH CAROLINA
TEACHING
FELLOWS
PROGRAM

APPLICANT INFORMATION — NC Teaching Fellows Program

Date _____

Name _____ ❑ Male ❑ Female
Last First Middle Preferred Name

Permanent Address _____
Street/Box City State Zip Code County

Current Telephone Number (___) _____ Social Security Number ___-___-___
(Application will not be processed without SS#)

Birth Date ___/___/___ Race *(check one)* ❑ Native American ❑ Asian ❑ Black ❑ Hispanic ❑ White
❑ Multi-racial ❑ Other *(specify)* _____

LEGAL RESIDENCY

By my signature I, **the parent/guardian of the applicant**, affirm that I qualify as a **legal resident, for purpose of domicile** (own property, registered to vote, pay state income taxes, etc.) in the state of North Carolina (General Statutes 116.11 (7) and 116-144) and **the applicant is a U.S. citizen.**

If you have questions, contact your Teaching Fellows Liaison Counselor.

_____
Signature of parent/guardian

SELECTION OF COLLEGE

The Teaching Fellows Program is located only on select campuses. To receive the Teaching Fellows award, students must attend one of these campuses. Listed below are participating campuses. Indicate your preference of colleges by ranking them - **circle 1 by your first choice, 2 by your second choice, and so on.**
Note**: No campus may have more than 60 Fellows in each class. The following campuses have lower caps: Elon University - 25; Meredith - 25: NCSU - 40; UNC-Wilmington - 35. Make your choices carefully, and **be sure to give five choices.

		Applied?				Applied?	
Appalachian State University	1 2 3 4 5	Yes	No	UNC-Asheville	1 2 3 4 5	Yes	No
East Carolina University	1 2 3 4 5	Yes	No	UNC-Chapel Hill***	1 2 3 4 5	Yes	No
Elon University*	1 2 3 4 5	Yes	No	UNC-Charlotte	1 2 3 4 5	Yes	No
Meredith College	1 2 3 4 5	Yes	No	UNC-Greensboro	1 2 3 4 5	Yes	No
NC A&T State University	1 2 3 4 5	Yes	No	UNC-Pembroke	1 2 3 4 5	Yes	No
NC Central University	1 2 3 4 5	Yes	No	UNC-Wilmington	1 2 3 4 5	Yes	No
NC State University**	1 2 3 4 5	Yes	No	Western Carolina University	1 2 3 4 5	Yes	No

**All Fellows must participate in the Studies in England semester.*
***Does not offer a degree in Elementary Education. Fellows cannot do Meredith College Collaborative Program.*
****Fellows seeking preparation for secondary education teaching, K-12 music and foreign language must complete an M.A.T., i.e., a fifth-year program. A strong academic record and GRE are required to be admitted into a Master's Degree Program. Fellows must meet the criteria established by the graduate school for admission.*

HIGH SCHOOL INFORMATION *(Please fill in every space)*

School _____ School System _____

School Address _____

Name of Principal _____ Telephone ( ) _____

Name of Teaching Fellows Liaison Counselor _____ Telephone ( ) _____

❑ Check if attending a home school. Provide verification of the schools' registration with the NC Division of Non-Public Schools.

The following must be completed and signed by your Teaching Fellows Liaison Counselor.

State Department of Public Instruction School Code # *(see NC Education Directory)* _____ - _____
(for public schools only)

Class Rank _____ Class Size _____ **Weighted** GPA *(4.0 Scale)* _____ Educational Region *(1-8 – see list)* _____

SAT Composite _____ ACT Composite _____ *(Use the SAT-ACT Concordance Table to convert scores)*

SAT Math _____ Verbal _____ Date _____ Math _____ Verbal _____ Date _____ Math _____ Verbal _____ Date _____

SAT Math _____ Verbal _____ Date _____ Math _____ Verbal _____ Date _____ Math _____ Verbal _____ Date _____

ACT Date _____ Date _____ Date _____

***Note**: List scores for each time the applicant has taken the SAT/ACT. Use highest math and verbal scores to determine composite. Use the SAT-ACT Concordance Tables provided by the Teaching Fellows Commission.*

_____ _____
Signature of Teaching Fellows Liaison Counselor *Telephone Number*

SCHOOL/COMMUNITY ACTIVITIES – Do not add any additional sheets

The applicant should be careful to include all activities that would indicate personal leadership, commitment and initiative. Place a check in the appropriate box opposite the listed activity showing the year in which you participated in that activity. Also, indicate any positions of office **("A" for appointed, "E" for elected)** held for that activity in the column for the year during which you held the office. This form is to be used as a guide. If you participated in any activity not shown on this form, add this information in the space provided at the end of each section. **Do not include additional sheets.** If the activity was not offered at your school, note this by writing **N/A once beside the listing.** Under **Credit** Column, **write "Y" for "Yes" and "N" for "No" to indicate if you receive course credit for the listing.**

Membership & Offices Held (specify) **Student Government**	**Credit**	**F**	**S**	**Jr.**	**Sr.**
Student Council	___	___	___	___	___
Honor Committee	___	___	___	___	___
Prefect	___	___	___	___	___
Office Assistant	___	___	___	___	___
Class Committee	___	___	___	___	___
Home Room Officer	___	___	___	___	___
Other *(specify)* _____					

Clubs	**Credit**	**F**	**S**	**Jr.**	**Sr.**
Beta Club	___	___	___	___	___
National Honor Society	___	___	___	___	___
Service Club	___	___	___	___	___
Debate Club	___	___	___	___	___
Monogram Club	___	___	___	___	___
FFA	___	___	___	___	___
FCCLA (FHA)	___	___	___	___	___
FTA	___	___	___	___	___
FCA	___	___	___	___	___
Young Life	___	___	___	___	___
MSEN	___	___	___	___	___
Math/Science Clubs	___	___	___	___	___
TSA	___	___	___	___	___
Quiz Bowl/High IQ	___	___	___	___	___
[illegible] Club	___	___	___	___	___
FBLA	___	___	___	___	___
DECA	___	___	___	___	___
VEAS	___	___	___	___	___
VEHS	___	___	___	___	___
VICA	___	___	___	___	___
Academic Club *(specify)* _____					
Other *(specify)* _____					

Music/Fine Arts	**Credit**	**F**	**S**	**Jr.**	**Sr.**
Glee Club	___	___	___	___	___
Chorus	___	___	___	___	___
Band	___	___	___	___	___
All-State Band	___	___	___	___	___
All-State Chorus	___	___	___	___	___
Theatre, Dance and/or Visual Arts Program	___	___	___	___	___
Other *(specify)* _____					

School Paper	**Credit**	**F**	**S**	**Jr.**	**Sr.**
Editor	___	___	___	___	___
Associate Editor	___	___	___	___	___
Other Editor *(specify)* _____					
Photographer	___	___	___	___	___
Staff	___	___	___	___	___
Contributor	___	___	___	___	___
Other *(specify)* _____					

[illegible]hool Yearbook	**Credit**	**F**	**S**	**Jr.**	**Sr.**
[illegible]or	___	___	___	___	___
Associate Editor	___	___	___	___	___
Other Editor *(specify)* _____					
Photographer	___	___	___	___	___
Staff	___	___	___	___	___
Contributor	___	___	___	___	___
Other *(specify)* _____					

Membership & Offices Held (specify) **School Literary Magazine**	**Credit**	**F**	**S**	**Jr.**	**Sr.**
Editor	___	___	___	___	___
Associate Editor	___	___	___	___	___
Other Editor *(specify)* _____					
Photographer	___	___	___	___	___
Staff	___	___	___	___	___
Contributor	___	___	___	___	___
Other *(specify)* _____					

School Military	**Credit**	**F**	**S**	**Jr.**	**Sr.**
Rank *(specify)*	___	___	___	___	___
Other *(specify)* _____					

Representing School in Convention or Conference	**F**	**S**	**Jr.**	**Sr.**
National Honor Society	___	___	___	___
Beta Club	___	___	___	___
FTA	___	___	___	___
FHA	___	___	___	___
FFA	___	___	___	___
Other Club	___	___	___	___
Student Government	___	___	___	___
Governor's School Officer	___	___	___	___
(area) _____				
Boy's/Girl's State	___	___	___	___
NC Close-Up	___	___	___	___
US Close-Up	___	___	___	___
Model United Nations	___	___	___	___
Other *(specify)* _____				

Teaching Opportunities	**Credit**	**F**	**S**	**Jr.**	**Sr.**
Teacher Cadet	___	___	___	___	___
Project Teach	___	___	___	___	___
Other *(specify)* _____					

Other School/Community/ Charitable Activities	**F**	**S**	**Jr.**	**Sr.**
(specify) _____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___
_____	___	___	___	___

Photocopying of the completed applications and/or sharing the information in the application is expressly prohibited. All applications and supporting information are the property of the Teaching Fellows Commission and are confidential.

Applicant _____

EMPLOYMENT

Please list any jobs you have held (indicate whether during school year or summer)

Employer _____ Position _____ Dates _____ Hrs/Wk _____

Employer _____ Position _____ Dates _____ Hrs/Wk _____

Employer _____ Position _____ Dates _____ Hrs/Wk _____

ATHLETICS

Please put "V" for Varsity Sports sponsored by your school in which you were awarded a letter or monogram, "P" if participated but did not receive a monogram, and "B" for participation in non-varsity sports sponsored by your school. Note: If you were a captain or co-captain of a varsity team, please put "C" or "CC."

	Credit	F	S	Jr.	Sr.
Football	___	___	___	___	___
Basketball	___	___	___	___	___
Baseball	___	___	___	___	___
Tennis	___	___	___	___	___
Field Hockey	___	___	___	___	___
Swimming	___	___	___	___	___
Lacrosse	___	___	___	___	___
Track	___	___	___	___	___
Cross Country	___	___	___	___	___

	Credit	F	S	Jr.	Sr.
Wrestling	___	___	___	___	___
Soccer	___	___	___	___	___
Golf	___	___	___	___	___
Volleyball	___	___	___	___	___
Softball	___	___	___	___	___
Cheerleader	___	___	___	___	___
Other (specify) _____					

HOBBIES & SPECIAL INTERESTS *(Please describe)*

HONORS & AWARDS

Academic *(list)* _____

Athletic *(list)* _____

Other *(list)* _____

MEANINGFUL ACTIVITIES

In all your school/community activities, what two activities have been most meaningful to you, and why?

DESCRIBE WHY YOU WANT TO TEACH

(Please include the major and grade level you think you will pursue.) Use only the lines provided.

WILL YOU CONTINUE TO PURSUE TEACHING IF YOU DO NOT RECEIVE THE TEACHING FELLOWS SCHOLARSHIP? ❑ Yes ❑ No

FOR RESEARCH ONLY

The following information is optional. It is for research only and will not be considered in the selection process; it is being collected for a long-term research project being conducted by the North Carolina Teaching Fellows Commission. The Commission seeks to determine where there is a strong interest in the teaching profession. As Fellows join the ranks of active teachers, the Commission will follow their careers and ask for advice on how best to shape the Teaching Fellows Program in the future.

Applicant's Name *(please print)* _____

School System _____

High School _____

INTENDED FIELD OF STUDY

What are your preferences for the grade level and/or subject you would like to **teach** after graduation?

Grade Level *(check one)*

- ❑ Birth to Kindergarten *(B-K)*
- ❑ Elementary Education *(K-6)*
- ❑ Middle School *(6-9)*
- ❑ Secondary *(9-12)*

Subject Area _____

DESIRED LOCATION

What are your preferences for the type of school system/location where you would like to **teach** after graduation?

Type of System *(check one)* ❑ Rural ❑ Suburban ❑ Urban

Region *(check one)* ❑ Coast ❑ East ❑ Piedmont ❑ West

INFLUENCE

What factor has most influenced your decision to pursue **teaching** as a career? *(check one)*

- ❑ Parent/guardian
- ❑ Teacher/counselor
- ❑ Desire to help society
- ❑ Job satisfaction
- ❑ Job security
- ❑ Other *(specify)*
- ❑ Improved working conditions
- ❑ Higher salaries
- ❑ Like to work with children
- ❑ Teaching Fellows Program
- ❑ Have summers off

_____

PARENT/GUARDIAN INFORMATION

Father

Check one: ❑ Living ❑ Deceased ❑ Unknown

Full Name _____

Address _____
street

_____
city state zip

Mother

Check one: ❑ Living ❑ Deceased ❑ Unknown

Full Name _____

Address _____
street

_____
city state zip

Parent Occupation *(check one)*

Father	Mother	Occupation
❑	❑	Precision Production/Craft/Repair
❑	❑	Professional/Educator/Specialty
❑	❑	Technician/Related Support
❑	❑	Sales
❑	❑	Administrative Support/Clerical
❑	❑	Military Service
❑	❑	Executive/Administrative/Managerial
❑	❑	Farming/Forestry/Fishing
❑	❑	Machine Operator/Assembler/Inspector
❑	❑	Transportation/Material Moving
❑	❑	Handler/Equipment Cleaner/Helper/Laborer
❑	❑	Homemaker
❑	❑	Other *(specify)* _____

_____

Which description best represents the area in which you have grown up?

Type of Area *(check one)* ❑ Rural ❑ Suburban ❑ Urban

Region *(check one)* ❑ Coast ❑ East ❑ Piedmont ❑ West

What is the highest level of education completed by your **father?** *(check one)*

- ❑ Some high school
- ❑ High school graduate
- ❑ Attended college
- ❑ College graduate
- ❑ Attended community/technical college
- ❑ Community/technical college graduate
- ❑ Advanced college degree

What is the highest level of education completed by your **mother?** *(check one)*

- ❑ Some high school
- ❑ High school graduate
- ❑ Attended college
- ❑ College graduate
- ❑ Attended community/technical college
- ❑ Community/technical college graduate
- ❑ Advanced college degree

How many brothers and sisters do you have?

❑ 0 ❑ 1 ❑ 2 ❑ 3 ❑ 4 or more

What is the total combined income of your household?

- ❑ 0-$14,999
- ❑ $15,000-$29,999
- ❑ $30,000-$44,999
- ❑ $45,000-$59,999
- ❑ $60,000 or over

Is anyone in your immediate family (father, mother, brother or sister) currently an educator?

❑ Yes ❑ No

NORTH CAROLINA
TEACHING
FELLOWS
PROGRAM

REFERENCE FORM

To the Applicant: *Your application should include* ***three original copies*** *of this Reference Form (two completed by high school teachers who have had you in class and one completed by an adult in the community who is not a member of your immediate family. If home schooled, all three references should be from adults who are not members of your immediate family).* ***You are solely responsible for returning all three sealed references to your Teaching Fellows Liaison Counselor.***

**USE ONLY THE SPACE PROVIDED. DO NOT ATTACH ADDITIONAL SHEETS.
ADDITIONAL INFORMATION WILL BE REMOVED FROM THE FILE.
REFERENCES NOT SUBMITTED ON THIS FORM WILL NOT BE CONSIDERED.**

To the Referent: This reference will enable the North Carolina Teaching Fellows Commission, through Regional Screening Committees, to better evaluate applicants applying for the North Carolina Teaching Fellows Scholarship. **You are asked to complete the form and seal it in an envelope with your signature written across the seal. Please return the sealed envelope to the applicant.** These will be forwarded by high school counselors to the Teaching Fellows Commission as a part of the applicant's file. **These references are confidential and will only be read by a regional screening committee if the applicant is chosen as a regional finalist.** Your candid response will be most helpful in the selection of future teachers for North Carolina. **Please use the space provided – do not attach additional sheets.**

Applicant's Name: _____

Please indicate how often you have observed each of the following traits by circling the appropriate rating by each, using the following scale.

1 **Rarely** 2 **Occasionally** 3 **Frequently** NA **Not Applicable** *(to your situation with applicant)*

1	2	3	NA	brings new dimensions to topics of discussion or activities
1	2	3	NA	seeks the best solution for a challenging situation
1	2	3	NA	works beyond assignments
1	2	3	NA	seeks knowledge for its own sake
1	2	3	NA	is interested in activities and topics beyond the typical interests of his or her peer group
1	2	3	NA	does not fear being different; is willing to take a stand when appropriate even in the face of opposition
1	2	3	NA	plans future activities; sets long-term goals
1	2	3	NA	takes responsibility for his or her own actions
1	2	3	NA	exhibits leadership by initiating activities within a group
1	2	3	NA	exhibits flexibility when dealing with change or new situations
1	2	3	NA	is gracious when fulfilling unpleasant tasks
1	2	3	NA	has the respect of his or her teachers
1	2	3	NA	has the respect of his or her supervisor or employer
1	2	3	NA	has the respect of his or her peers
1	2	3	NA	has expressed an interest in teaching

– OVER –

All applications and supporting information are the property of the Teaching Fellows Commission and are confidential. Photocopying and/or sharing the material is expressly prohibited.

RESPOND TO THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED ONLY. ADDITIONAL SHEETS WILL NOT BE CONSIDERED.

1. What one trait of this applicant do you think will be the strongest indication for his or her likely success as a superior teacher?

2. How do you know this applicant? How long have you known the applicant?

3. Please give specific examples and details from work, community or school setting, which best describe this applicant's strength of character.

MUST SCORE

Reference Assessment Score

Overall recommendation of this applicant as a potential teacher *(circle one)*
This rating is *not* a numerical average of the ratings on the previous page.

1 **Average** 2 **Above Average** 3 **Superior**

4. Check the best description of your perception of this applicant's commitment to teaching.
❑ Not committed at this time ❑ Somewhat committed ❑ Strongly committed

Please return this completed form TO THE APPLICANT in a sealed envelope with your signature across the seal.

Signature _____ Date _____

Print Your Name _____

Profession & Position _____

Address _____

City _____ State _____ Zip Code _____

Home Phone ( ) _____ Work Phone ( ) _____

Do not mail to the Teaching Fellows Office. Return to the Teaching Fellows Liaison Counselor.

NORTH CAROLINA
TEACHING FELLOWS
PROGRAM

APPLICANT COMPOSITE FORM

2004-2005 SCHOOL DISTRICT SCREENING

Applicant's Name _____

Address _____

City _____ State _____ Zip Code _____

Applicant's Telephone ( ) _____ Gender _____ Race _____

School System _____

Education Region _____
(1-8–see list)

High School _____

Social Security # _____

THIS SIDE TO BE COMPLETED BY HIGH SCHOOL PERSONNEL (OR PRINCIPAL, IF APPLICANT IS HOME SCHOOLED)

	Total Possible	Applicant Assessment
1. SCHOLASTIC PROFILE		
GPA *(Weighted scale)*	30	_____
2.5-2.89 = *10 points*		
2.9-3.29 = *15 points*		
3.3-3.69 = *20 points*		
3.7-4.09 = *25 points*		
4.1+ = *30 points*		
Class Rank	20	_____
Upper 35% = *10 points*		
Upper 30% = *12 points*		
Upper 25% = *14 points*		
Upper 20% = *16 points*		
Upper 15% = *18 points*		
Upper 10% = *20 points*		
SAT Scores (or ACT Converted)	15	_____
900-999 = *6 points*		
1000-1099 = *9 points*		
1100-1249 = *12 points*		
1250-1600 = *15 points*		
Scholastic Profile Total	65	_____

The scholastic profile, once completed by the applicant's high school counselor, remains the same unless a higher SAT/ACT score is received by the Commission by December 3, 2004, or the profile score is computed inaccurately.

Scholastic Profile Verification

This is to be signed by the applicant and counselor before the screening process begins.

We, the undersigned, agree that the information provided on the scholastic profile is accurate.

_____ _____

(signature of applicant) *(signature of counselor)*

2. SCHOOL ASSESSMENT OF APPLICANT'S POTENTIAL AND COMMITMENT TO TEACHING

(To be completed by school assessment committee and considered at school district level only.) Assess the applicant's abilities, leadership potential and commitment to teaching as a career after the review of the applicant file. (1 - lowest; 10 - highest)

School Assessment of Applicant Potential Total	10	_____

_____

(signature of principal)

SEE BACK→

THIS SIDE TO BE COMPLETED BY THE SCHOOL DISTRICT SCREENING COMMITTEE.

Applicant's Name _____

		Total Possible	Applicant Assessment	Composite
1.	**Scholastic Profile Total**	65	*(copy from other side)*	_____
2.	**School Assessment of Applicant Potential Total**	10	*(copy from other side)*	_____

3. SCHOOL/COMMUNITY ACTIVITIES/EMPLOYMENT CHOOSE THE ONE ANSWER using only whole numbers that best describes the applicant's level of school/community/employment activities. Determine the score within the range provided for that level of activity.

- Perfunctory involvement at school and/or community level(s). 1-10
- Long-term involvement at school and/or community level(s), offices, honors, awards 11-15
- School and community involvement including hobbies, special interests and jobs 16-20
- Continuous employment as evidence of financial need 1-20

School/Community/Employment Total 20 _____

4. INTERVIEW Rate each of the following with a (1-lowest; 5-highest) rating using only whole numbers. Each criterion must be scored.

- Thinking approach 5 _____
- Clarity of expression 5 _____
- Grammar 5 _____
- Self-confidence 5 _____
- Originality 5 _____
- Enthusiasm 5 _____

Interview Total 30 _____

5. LOCAL SCREENING COMMITTEE ASSESSMENT OF APPLICANT'S POTENTIAL AND TEACHING COMMITMENT

Assess the applicant's abilities, leadership potential and commitment to teaching as a career after the review of the applicant file and the interview. (1 - lowest; 5 - highest) This criterion must be scored.

Local Screening Assessment Total 5 _____

SCHOOL DISTRICT COMPOSITE 130 _____

Comments: _____

_____

_____

The following should be returned TO THE TEACHING FELLOWS COMMISSION in the student's file:

- Application Form (B)
- Three (3) Sealed References
- Writing Sample
- Verification of Home School Registration, If Applicable
- School District Screening Composite Form
- High School Transcript
- Proof of SAT/ACT Scores

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NORTH CAROLINA TEACHING FELLOWS

DISCOVERY 2004

A Focus on NC's Entrepreneurial Schools and Community Partnerships

DAY 1 SUNDAY MAY 16

- Registration/Check-in
- Radisson Governors Inn
- Student Leaders and Bus Facilitators Meeting
- Opening Session
  Speakers: Dawn Shephard, *Chair, NEA Advisory Committee of Student Members, NCSU Teaching Fellow alumna*
- Bus Meetings

DAY 2 MONDAY MAY 17

- School System Visits: Lee, Person, Caswell, Durham, Franklin, Granville, Orange, Chapel Hill-Carrboro, Clover Garden Charter
- Business Visits: UNC TV, Wyeth-Ayerst Laboratories, Pleasure Point, NCAE Headquarters, Revlon, the Dean Dome
- Buses Arrive at Shaw University
- General Session
  "The Changing Landscape Facing North Carolina's Teachers and Citizens"
  Speakers: Howard Lee, *Chair, SBE* and Matty Lazo-Chadderton, *Director, Hispanic/Latino Affairs, Office of the President Pro Tempore, NC Senate*; BIG JOHN FARMER, *A Southern Humorist*

DAY 3 TUESDAY MAY 18

- School System Visits: Wake, Nash-Rocky Mount, Pitt, Cumberland, Wayne, Lenoir, Magellan Charter
- Business Visits: Seymour Johnson Air Force Base, The Daily Reflector, SAS
- Arrive at UNC Wilmington
- General Session
  "The Truth About The Gap"
  Speakers: Marvin Pittman, Shirley Staten, and Sonja Adger

DAY 4 WEDNESDAY MAY 19

- School System Visits: Union, Anson, Laurinburg Charter, Laurinburg Homework Center Charter, New Hanover, Scotland
- Group Picture
- General Session
  "Mr. Kim Armstrong's A Popular Dance"

DAY 5 THURSDAY MAY 20

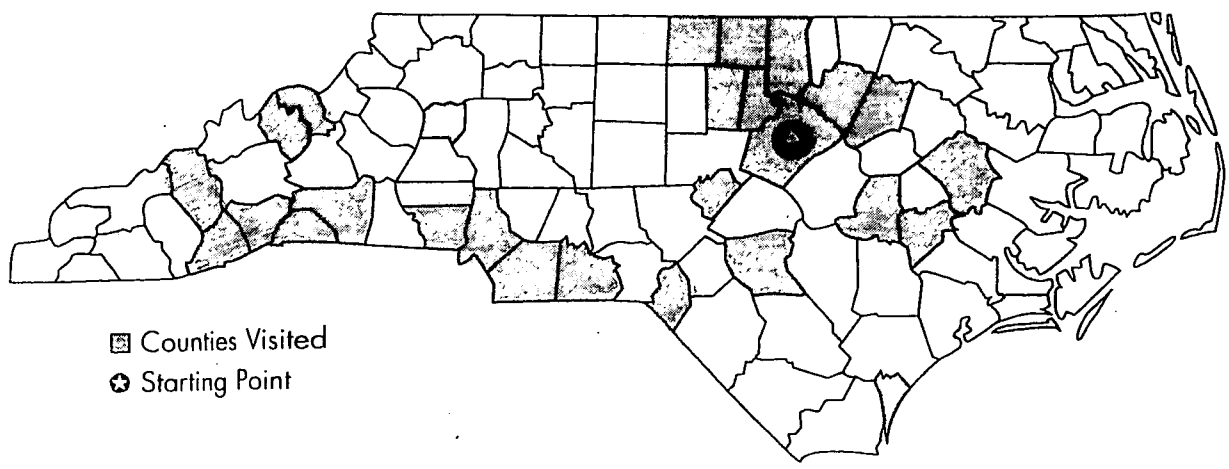
- School System Visits: Charlotte-Mecklenburg, Henderson, Sugar Creek Charter, Success Institute Charter, American Renaissance Elementary and Middle Charters, Polk, Mitchell, Highland Charter, Piedmont Charter
- Buses Arrive at UNC Asheville
- Bus Meetings
- General Session
  A Night Out with NC Artists Featuring, Firefly "Keeping Traditional Mountain Music Alive," and Lloyd Arneach, *Cherokee Storyteller*

DAY 6 FRIDAY MAY 21

- School System Visits: Frances Delany New School for Children Charter, Evergreen Community Charter, ArtSpace Charter, Asheville City, The Learning Center Charter, Haywood, Rutherford, Yancey, Transylvania, Alexander
- Cultural Visits: The YMI Cultural Center, The Center for Diversity Education
- An Afternoon at Claxton Farms
- Campus Meetings
- Roadshow 2004

DAY 7 SATURDAY MAY 22

- Reflection of the Week
- Evaluations
- Closing Session
- Buses Depart



▣ Counties Visited
✪ Starting Point

Junior Conference 2004



"Exploring the Power of Diversity Through Conversation"

Junior Conference is a requirement for all rising junior Teaching Fellows and other Fellows who are approved to participate.

The annual conference was jointly sponsored by the North Carolina Teaching Fellows Commission, the Public School Forum of NC, and the North Carolina Center for the Advancement of Teaching.

The focus of the conference was to provide experiences that will help Fellows continue to do the following:

- ☆ Enhance their awareness of diversity
- ☆ Increase their knowledge base on social and cultural diversity
- ☆ Develop skills they can use to effectively teach a diverse student population
- ☆ Create opportunities for them to talk with each other about topics relating to diversity

The conference further provided opportunities for **networking** (with NCCAT and TF alumni), **bonding** (with TF colleagues from across the state), and **accountability** to the state of North Carolina.

Featured speakers/performers for the 2004 Junior Conference were:

- ☆ Mrs. Gizella Abramson, a Holocaust survivor
- ☆ Ms. Jeanne Robertson, a former Miss North Carolina
- ☆ Ms. Beverly Botsford, percussionist-African drums
- ☆ Mr. Sendy Mendez, percussionist – Latin drums
- ☆ Mr. Tracey Thornton, percussionist – Caribbean/steel drum
- ☆ "The Healing Force," African drums & songs and dance

The Conference consultant was Mr. Deollo Johnson of the National Coalition Building Institute (NCBI).

Fellows were shown at the conference how to "explore the power of diversity through conversation," and were given a real life example of how powerful it can be to come together when the musical performers gave an impromptu "merging of the drums" performance at the end of the Saturday night general session! It was an experience that the Teaching Fellows Juniors won't soon forget!

NORTH CAROLINA TEACHING FELLOWS PROGRAM

JUNIOR ENRICHMENT

The experiences from which rising junior Teaching Fellows choose offer them opportunities around the state, nation, and world; in the arts and in the sciences, on rocks and in classrooms. The experiences grant Fellows the opportunity to be both learner and teacher.



Junior Enrichment activities are made possible through a collaborative effort of Teaching Fellows institutions, the NC Teaching Fellows Program, and other state and national agencies. These activities are designed as opportunities for Teaching Fellows to gain knowledge in areas not usually addressed by course work and to expand their range of experiences.



Although Teaching Fellows summer enrichment activities are their first priority, the Fellows are encouraged to select an activity that does not conflict with their coursework, summer employment, or training required for summer employment. Junior Enrichment activities are available during the months of March, and May through August. This allows Teaching Fellows the flexibility to schedule other summer activities, such as work and summer school.

A full description of each activity is given in an annual Junior Enrichment Directory. The directory and registration portal is available online each year for rising juniors from mid-November through mid-January. Fellows are encouraged to read each activity description they are interested in carefully before registering. If a session they wish to choose is full, they must make another choice.



Junior Enrichment activities are available in the following categories: *(Examples)*

- **Seminar Opportunities:** *(Five Mountains in Five Days, Coastal Ecology Project Wild, NC Outward Bound, A Mountain Relaxation)*
- **Teaching/Counselor Experiences:** *(Special Olympics, Camp Friendship)*
- **Other Internships:** *(Student Action with Farmworkers)*
- **Travel Opportunities:** *(Alaskan Odyssey, Exploring Italy and Switzerland)*
- **Travel/Study Experiences:** *(Project Fine, Cambridge Study and Travel Program, Summer Study Tour of Japan)*

Survive & Thrive

2004 Conference Highlights



The 2004 NC Teaching Fellows Senior Conference was held at North Carolina A&T State University on July 16 through July 18. The theme was "Survive and Thrive." The conference focused on how to take care of your body, mind, and spirit as a student, and as a future educator.



Each senior was able to choose 3 seminars to attend, based on their interests and major. Some of the seminar choices included: "Stress Reduction through Massage Therapy Techniques", "Elementary School Classroom Management from Day 1 to Day 180", and "Communicating with Parents: The Why and How."

Some rising seniors enjoyed the opportunity to kick off their shoes and relax as they listened to helpful tips on how to become a healthier person. They also enjoyed the casual and inviting atmosphere of the lectures and meetings. Seniors also enjoyed networking with other fellows in their home groups, which were formed according to major. Many Fellows commented.on how much fun they had at this conference, and they were excited about the variety and diversity of the seminars that they were offered.



Friday night's general session was very informative as Teaching Fellows heard about the transition from student to professional. The session was presented by Mr. Andy Silver, a Charlotte area Conflict Resolution specialist. On Saturday night, students heard firsthand "The Ron Clark Story." Ron Clark 2000 Disney American Teacher Award winner, and North Carolina Teaching Fellows alumnus was the keynote speaker. Mr. Clark shared his awesome experiences teaching in Aurora, North Carolina and in Harlem, New York. To top it all off, Sunday's closing session speaker was none other than 2004 National Teacher of the Year, Mrs. Kathy Mellor of Rhode Island. With her passion and wisdom, she gave the seniors much inspiration and insight as they prepared for their upcoming student teaching and job searching adventures.



Getting to see all of their old Teaching Fellows friends and reminiscing about the Discovery bus trip, Junior Enrichment experiences, and Senior Orientation Week was a memorable experience for all of the Fellows. As the senior fellows realized they were nearing the end of their long journey as college students, they were saddened to say good-bye to all of the people that they had met over the past three years. As they packed up and rode away on that hot, summer, Sunday afternoon, they were excited about all of the new information they had learned about taking care of themselves and being successful teachers. The seniors were also energized by the excellent teachers (many thanks to NCCAT!) that they were surrounded by during the conference, and were filled with anticipation and eagerness to "Roll Up Their Sleeves and Teach!"

45.7 The following are the Teaching Fellows Program Expansion Criteria for selection of hosting colleges and/or universities:

Rating Scale: 1-weak, 2-fair, 3-good, 4-very good, 5-superior Rating 1-5

1. Administrative Program Support: The proposal clearly defines the administrative support, including staff, financial resources, equipment, facilities, etc., necessary to provide an academically and culturally enriched preparation program that extends well beyond the regular college program. The program provided has the potential to change teacher preparation for all students on the campus. Private institutions adequately cover the differential in the award and tuition, fees, room and board.

2. Leadership Training: The proposal outlines specific approaches designed to develop leadership skills. It includes extensive use of business models, faculty mentors, and practitioners. The program encourages the development of Teaching Fellows as education leaders in the school and the community.

3. Greater Critical Issues Focus: The proposal presents a program with opportunities for broad exposure to issues of state and world economy, other state and world critical issues, and state and federal government functions. The program provides opportunities for building an understanding of education's place in a broader social, economic and multicultural context.

4. Mission, Service and Professionalism: The proposal includes unique opportunities for Fellows to develop a sense of mission, service and professionalism. Activities include seminars, field trips, cultural and multicultural experiences. Opportunities are evident for networking that allow and encourage esprit de corps among the Fellows. There are specific plans to develop extensive collaborative K-12 opportunities for tutorial, internship, and observation experiences which enhance the sense of professionalism.

5. Support of Total Student Development: The proposal provides systems for advising/ mentoring/counseling which support a formalized plan of total student development. The plan includes academic advising, support and coaching in regard to study habits, social development and personal health.

6. Recruitment Plan: The proposal sets forth a comprehensive plan that permits the campus to recruit the minimum number of students required to be in the Fellows Program. The plan has strategies which target the recruitment of males and minorities.

7. Letters of Support: The proposal includes letters of support from the Chancellor/President, Academic Dean, Dean/Chairperson of Education Department and others.

8. Administrative Program Support: The application includes letters of support from the President, the Academic Dean, the Dean/Chairperson of the Education Department and others.

9. See Request for Proposal for Participation in the Teaching Fellows Program in Appendix 9.0.

Overall Rating Score:
This score shall be used to determine the composite score for the institution applying for participation in the Teaching Fellows Program. (The score is not an average of the criterion ratings.) In determining the composite score, the Commission shall consider specificity of plans for each criterion, resources provided, types of accreditation, time lines, as well as all other materials presented in the proposal.

Profile of Applicants, Finalists, & Recipients: 1987 - 2005

Region	2005 Applicants			2005 Regional Finalists			2005 Recipients		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	98	24	16	37	9	4	22	8	3
2	258	51	57	94	23	25	52	12	13
3	338	87	73	120	35	32	67	20	21
4	256	83	59	96	36	27	48	16	16
5	401	56	91	139	22	48	75	15	26
6	384	46	78	134	18	38	71	11	27
7	221	10	52	78	3	22	42	2	15
8	159	7	32	63	3	16	37	1	12
State	2,115	364	458	761	149	212	414	85	133
Percent	100%	17%	22%	100%	20%	28%	100%	21%	32%

Region	2004 Applicants			2004 Regional Finalists			2004 Recipients		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	115	23	20	41	11	10	24	9	4
2	232	62	47	94	35	25	57	18	13
3	348	90	73	136	48	32	73	27	18
4	217	72	49	99	40	26	60	24	20
5	379	71	85	123	20	27	61	13	16
6	405	57	91	145	15	42	72	5	20
7	197	7	51	80	2	22	41	1	10
8	180	7	41	61	5	10	29	1	3
State	2,073	389	457	779	176	194	417	98	104
Percent	100%	19%	22%	100%	23%	25%	100%	24%	25%

Region	2003 Applicants			2003 Regional Finalists			2003 Recipients		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	115	34	29	49	17	21	31	10	12
2	234	50	51	84	21	25	48	20	14
3	301	58	59	115	36	39	64	22	22
4	237	77	50	101	37	35	59	25	21
5	376	65	76	126	16	43	65	11	24
6	351	46	71	128	13	47	69	6	23
7	208	14	50	86	6	34	43	2	15
8	177	4	37	63	2	21	34	0	7
State	1,999	348	423	752	148	265	413	96	138
Percent	100%	17%	21%	100%	20%	35%	100%	23%	33%

Region	2002 Applicants			2002 Regional Finalists			2002 Recipients		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	105	38	20	50	24	11	32	19	6
2	229	51	45	82	28	23	43	19	14
3	319	92	56	108	44	23	59	26	13
4	239	76	46	90	37	23	52	21	12
5	406	67	73	148	17	38	78	12	17
6	337	40	68	116	26	42	68	16	21
7	210	6	51	70	2	36	39	1	15
8	186	3	43	64	0	22	37	0	9
State	2,031	373	402	728	178	218	408	114	107
Percent	100%	18%	20%	100%	24%	30%	100%	28%	26%

Region	*2001 Applicants*			*2001 Regional Finalists*			*2001 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	115	33	25	39	7	9	22	4	5
2	229	35	53	90	15	29	55	13	23
3	258	80	54	102	23	16	59	18	13
4	218	79	48	85	23	19	56	22	15
5	336	51	67	139	10	32	77	9	19
6	280	38	44	109	6	16	63	6	10
7	177	6	37	74	3	17	43	3	13
8	174	5	40	70	3	22	40	3	10
State	1,787	327	368	708	90	160	415	78	108
Percent	100%	18%	21%	100%	13%	23%	100%	19%	26%

Region	*2000 Applicants*			*2000 Regional Finalists*			*2000 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	126	33	38	49	11	14	33	9	10
2	224	52	47	86	13	20	50	7	11
3	285	64	59	96	29	21	64	21	15
4	233	66	61	91	22	31	52	13	17
5	329	57	69	138	10	20	76	8	7
6	302	49	62	115	16	22	64	10	16
7	160	10	42	66	4	16	38	2	8
8	176	14	47	65	2	21	37	1	12
State	1,835	345	425	706	107	165	414	71	96
Percent	100%	19%	23%	100%	15%	23%	100%	17%	23%

Region	*1999 Applicants*			*1999 Regional Finalists*			*1999 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	94	22	17	38	5	7	21	3	6
2	218	51	53	103	22	25	67	18	21
3	286	78	47	112	27	15	66	20	10
4	241	93	46	94	27	15	49	20	9
5	331	64	47	125	15	15	69	10	10
6	274	36	57	106	8	17	58	8	15
7	174	9	35	72	2	19	43	1	15
8	157	1	33	76	0	15	40	0	12
State	1,775	354	335	726	106	128	413	80	98
Percent	100%	20%	19%	100%	15%	18%	100%	19%	24%

Region	*1998 Applicants*			*1998 Regional Finalists*			*1998 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	94	12	9	36	3	8	21	3	6
2	210	54	40	81	29	17	50	25	13
3	276	80	63	101	33	19	57	23	14
4	261	115	56	97	41	24	67	35	18
5	335	64	80	128	25	28	68	16	14
6	261	27	66	109	6	15	65	5	10
7	176	6	42	76	2	18	43	1	12
8	152	9	36	63	5	10	36	4	7
State	1,765	367	392	691	144	139	407	112	94
Percent	100%	21%	22%	100%	21%	20%	100%	28%	23%

Region	*1997 Applicants*			*1997 Regional Finalists*			*1997 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	99	19	18	37	5	8	24	4	7
2	228	57	50	84	26	24	55	21	16
3	307	84	66	107	39	27	62	30	19
4	223	87	46	82	35	21	49	27	13
5	380	88	103	141	20	37	82	12	19
6	282	40	47	97	10	14	56	9	8
7	178	10	34	66	4	14	40	4	7
8	168	5	37	71	3	22	39	2	16
State	1,865	390	401	685	142	167	407	109	105
Percent	100%	21%	22%	100%	21%	24%	100%	27%	26%

Region	*1996 Applicants*			*1996 Regional Finalists*			*1996 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	128	48	36	47	13	10	33	11	7
2	222	56	43	73	12	19	48	11	14
3	338	108	72	103	20	18	64	18	16
4	220	96	49	81	28	18	57	25	14
5	371	62	93	120	13	33	71	11	27
6	261	58	65	88	9	24	50	7	19
7	185	18	43	74	6	23	46	6	19
8	155	7	43	64	5	18	41	4	15
State	1,880	453	444	650	106	163	410	93	131
Percent	100%	24%	24%	100%	16%	25%	100%	23%	32%

Region	*1995 Applicants*			*1995 Regional Finalists*			*1995 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	110	32	16	38	9	6	24	5	5
2	226	46	52	88	18	27	55	16	23
3	283	69	64	104	24	32	66	17	22
4	217	99	49	73	30	19	51	23	17
5	370	82	91	130	23	36	82	14	27
6	244	45	57	82	9	23	49	7	19
7	189	16	44	71	6	15	42	4	10
8	184	11	48	72	2	24	45	1	13
State	1,823	400	421	658	121	182	414	87	136
Percent	100%	22%	23%	100%	18%	28%	100%	21%	33%

Region	*1994 Applicants*			*1994 Regional Finalists*			*1994 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	96	18	24	35	5	13	20	2	11
2	213	54	48	101	23	32	59	13	18
3	233	60	47	99	25	25	59	18	16
4	220	91	51	91	42	28	68	33	24
5	298	57	75	116	18	35	74	8	19
6	187	24	41	71	10	20	46	7	17
7	180	7	43	74	1	20	44	1	5
8	144	9	41	62	3	20	42	3	12
State	1,571	320	370	649	127	193	412	85	122
Percent	100%	20%	24%	100%	20%	30%	100%	21%	30%

Region	*1993 Applicants*			*1993 Regional Finalists*			*1993 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	121	37	30	50	13	19	33	6	14
2	276	82	60	105	37	34	68	27	24
3	272	86	58	100	35	28	58	16	10
4	232	105	50	91	43	24	56	29	15
5	301	60	58	115	15	28	62	8	16
6	268	48	55	75	9	15	43	6	10
7	164	11	52	76	6	34	43	2	16
8	177	5	44	71	2	21	40	2	11
State	1,811	434	407	683	160	203	403	96	116
Percent	100%	24%	22%	100%	23%	30%	100%	24%	29%

Region	*1992 Applicants*			*1992 Regional Finalists*			*1992 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	103	33	26	34	8	10	22	6	7
2	222	60	44	98	20	20	61	14	13
3	272	95	58	107	35	29	67	25	17
4	236	111	60	91	33	28	60	26	20
5	276	42	58	107	12	30	67	11	23
6	233	32	37	67	6	11	42	6	8
7	153	5	34	83	4	25	54	3	21
8	149	11	34	61	5	15	35	3	9
State	1,644	389	351	648	123	168	408	94	118
Percent	100%	24%	21%	100%	19%	26%	100%	23%	29%

Region	*1991 Applicants*			*1991 Regional Finalists*			*1991 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	124	47	35	38	9	15	23	7	8
2	270	59	64	109	22	32	70	12	23
3	273	93	56	76	23	16	32	8	4
4	231	95	45	111	41	18	58	29	12
5	324	65	52	113	22	21	71	16	17
6	249	37	42	71	8	13	42	5	7
7	198	9	52	78	5	26	55	5	17
8	175	2	39	74	0	18	49	0	10
State	1,844	407	385	670	130	159	400	82	98
Percent	100%	22%	21%	100%	19%	24%	100%	21%	25%

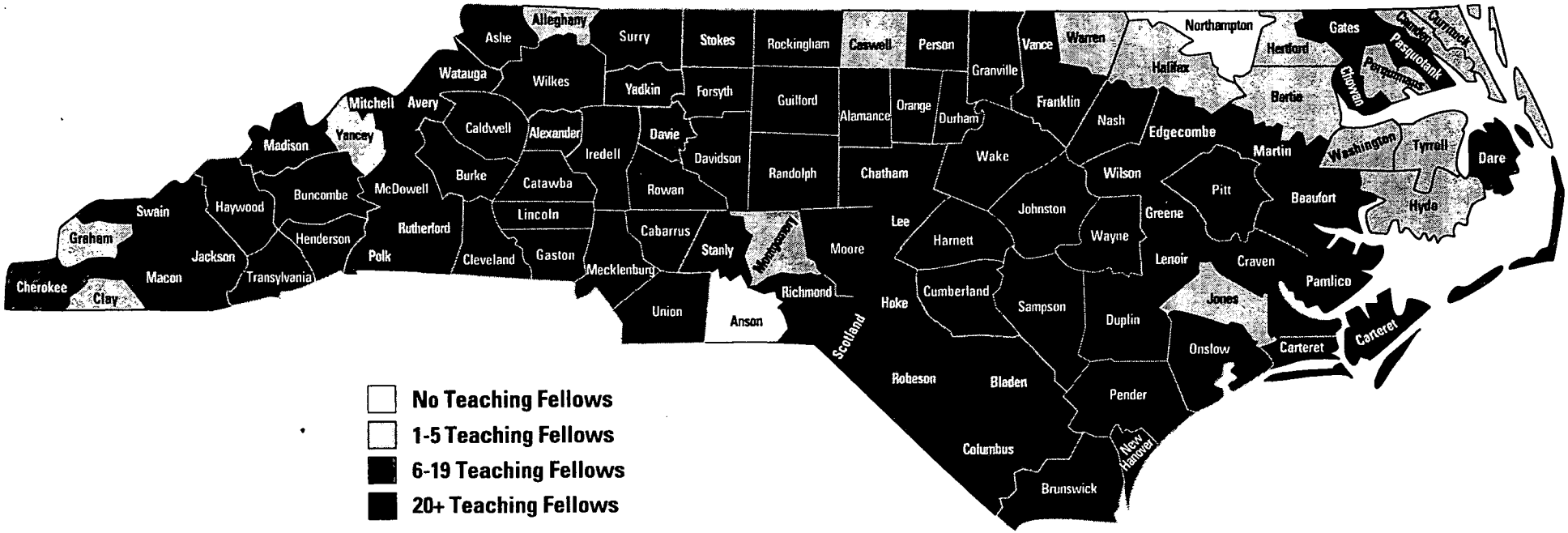
Region	*1990 Applicants*			*1990 Regional Finalists*			*1990 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	95	31	16	41	14	9	30	9	9
2	250	50	46	102	19	26	64	13	19
3	270	87	47	95	32	17	59	16	13
4	245	97	46	91	39	17	55	22	12
5	315	49	65	112	15	32	64	11	22
6	225	39	43	62	7	13	40	6	8
7	188	10	50	76	4	26	45	2	20
8	166	4	42	71	3	25	43	1	20
State	1,754	367	355	650	133	165	400	80	123
Percent	100%	21%	20%	100%	20%	25%	100%	20%	31%

Region	*1989 Applicants*			*1989 Regional Finalists*			*1989 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	120	30	27	44	15	15	26	8	7
2	283	60	61	84	25	34	56	11	19
3	352	106	68	80	37	31	45	11	12
4	257	118	50	79	45	20	51	21	13
5	423	78	82	120	32	68	79	8	24
6	317	46	58	80	18	27	55	5	11
7	221	12	54	70	3	42	40	0	13
8	224	6	53	78	4	38	49	1	14
State	2,197	456	453	635	179	275	401	65	113
Percent	100%	21%	21%	100%	28%	43%	100%	16%	28%

Region	*1988 Applicants*			*1988 Regional Finalists*			*1988 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	161	46	34	52	14	13	31	10	8
2	267	55	65	78	14	22	49	10	13
3	329	96	58	85	17	21	58	11	16
4	247	84	47	76	29	20	50	17	13
5	409	73	83	104	21	26	70	12	19
6	343	38	53	78	8	10	49	5	8
7	268	15	64	74	5	24	51	2	19
8	206	9	54	70	4	15	43	2	11
State	2,230	416	458	617	112	151	401	69	107
Percent	100%	19%	21%	100%	18%	25%	100%	17%	27%

Region	*1987 Applicants*			*1987 Regional Finalists*			*1987 Recipients*		
	Total	Minorities	Males	Total	Minorities	Males	Total	Minorities	Males
1	118	33	27	64	8	15	48	7	11
2	213	41	43	75	7	17	49	6	12
3	247	67	53	95	26	28	61	19	19
4	174	53	37	69	15	12	46	14	9
5	241	30	47	78	4	15	51	2	11
6	184	21	34	75	3	17	49	1	13
7	182	9	33	72	2	16	48	2	12
8	150	3	37	68	0	20	48	0	16
State	1,509	257	311	596	65	140	400	51	103
Percent	100%	17%	21%	100%	11%	24%	100%	13%	26%

TEACHING FELLOWS IN THE FIELD



2,843 Fellows Employed as of March 2005

03/05

Teaching Fellows Teaching 2004-2005

Sch.Cd.	System	Total
002	School of Science and Math-Durham Co.	1
010	Alamance-Burlington Schools	72
020	Alexander County Schools	19
030	Alleghany County Schools	1
050	Ashe County Schools	23
060	Avery County Schools	7
070	Beaufort County Schools	15
080	Bertie County Schools	2
090	Bladen County Schools	7
100	Brunswick County Schools	34
110	Buncombe County Schools	46
111	Asheville City Schools	11
118	NC Special Schools-Bumcombe Co.	2
120	Burke County Schools	31
128	NC Special Schools-Burke Co.	2
130	Cabarrus County Schools	71
132	Kannapolis City Schools/Cabarrus Co.	9
140	Caldwell County Schools	31
150	Camden County Schools	3
160	Carteret County Schools	17
170	Caswell County Schools	2
180	Catawba County Schools	49
181	Hickory City Schools/Catawba Co.	10
182	Newton-Conover City Schools/Catawba Co.	4
190	Chatham County Schools	19
200	Cherokee County Schools	10
209	Cherokee Reservation Schools	1
210	Chowan County Schools	12
220	Clay County Schools	2
230	Cleveland County Schools	46
240	Columbus County Schools	4
241	Whiteville City Schools	8
250	Craven County Schools	22
260	Cumberland County Schools	57
269	Fort Bragg Schools	2
270	Currituck County Schools	5
280	Dare County Schools	6
290	Davidson County Schools	31
291	Lexington City Schools	4
292	Thomasville City Schools	2
300	Davie County Schools	16
310	Duplin County Schools	20
320	Durham Public Schools	85
330	Edgecombe County Schools	16
340	Forsyth County Schools	93
350	Franklin County Schools	9
360	Gaston County Schools	46
370	Gates County Schools	6
380	Graham County Schools	2
390	Granville County Schools	23
400	Greene County Schools	12
410	Guilford County Schools	177
420	Halifax County Schools	1
421	Roanoke Rapids City Schools - Halifax Co.	3
422	Weldon City Schools	1
430	Harnett County Schools	30
440	Haywood County Schools	34
450	Henderson County Schools	30
460	Hertford County Schools	1
470	Hoke County Schools	10
480	Hyde County Schools	2
490	Iredell-Statesville Schools	39
491	Mooresville Graded Schools - Iredell Co.	3
500	Jackson County Schools	10
510	Johnston County Schools	64
520	Jones County Schools	1
530	Lee County Schools	13
540	Lenoir County Schools	19
550	Lincoln County Schools	22
560	Macon County Schools	8
570	Madison County Schools	12
580	Martin County Schools	10
590	McDowell County Schools	22
600	Charlotte-Mecklenburg Schools	130
610	Mitchell County Schools	7
620	Montgomery County Schools	5
630	Moore County Schools	21
640	Nash-Rocky Mount Schools	26
650	New Hanover County Schools	59
670	Onslow County Schools	35
680	Orange County Schools	20
681	Chapel Hill-Carrboro Schools/Orange Co.	50
690	Pamlico County Schools	6
700	Elizabeth City-Pasquotank Schools	7
710	Pender County Schools	46
720	Perquimans County Schools	5
730	Person County Schools	6
740	Pitt County Schools	69
750	Polk County Schools	10
760	Randolph County Schools	32
761	Asheboro City Schools - Randolph Co.	15
770	Richmond County Schools	14
780	Robeson County Schools	18
790	Rockingham Consolidated Schools	24
800	Rowan-Salisbury Schools	24
810	Rutherford County Schools	17
820	Sampson County Schools	16
821	Clinton City Schools - Sampson Co.	7
830	Scotland County Schools	13
840	Stanly County Schools	12
850	Stokes County Schools	8
860	Surry County Schools	31
861	Elkin City Schools - Surry Co.	2
862	Mount Airy City Schools - Surry Co.	6
870	Swain County Schools	6
880	Transylvania County Schools	27
890	Tyrrell County Schools	2
900	Union County Schools	36
910	Vance County Schools	9
920	Wake County Schools	338
930	Warren County Schools	1
940	Washington County Schools	4
950	Watauga County Schools	18
960	Wayne County Schools	45
970	Wilkes County Schools	41
980	Wilson County Schools	13
988	NC Special Schools-Wilson Co.	1
990	Yadkin County Schools	16
995	Yancey County Schools	5
		2843

Teaching Fellows Program…at a Glance

From the Program's First Class in 1987 through February 2005, there have been:

- **Teaching Fellows applications: 35,508**
- **Teaching Fellows regional finalists: 12,991**
- **Teaching Fellows Awards: 7,343** *(as of 2/05)*
- **Teaching Fellows Graduates: 4,732**
- **Teaching Fellows Graduates employed in 2003-2004 in 98 counties: 2,843**
- **Teaching Fellows Graduates completing 4-year teaching service obligation: 2,426** *(classes '87-'96)*
- **Teaching Fellows Graduates in graduate school:**
  99-00, 131; 00-01, 133; 01-02, 111; 02-03, 112; 03-04, 110; 04-05, 101
- **Teaching Fellows Graduates with National Board Certification: 236** *(as of 9/04)*
- **Teaching Fellows Graduates in Principal Fellows Program: 69** *(as of 6/04)*
- **Teaching Fellows Graduates in central Office/administration: 126**

OVER

at a Glance 2004-05 cont.

- **Teaching Fellows Graduates employed in 5th year after 4-year service payback (2004-05): 82%**

- **Teaching Fellows Graduates employed after 5th (6th-14th) year of service (2004-05): 66%***

- **<u>All</u> Teaching Fellows Graduates employed in public schools after service payback (5th-14th year, 2004-05): 68%***

- **1987 Teaching Fellows who finished service payback and are teaching in 14th year: 61%**

- **Teaching Fellows Graduation Rate: *(Classes 1987-2000):* 84% *(% will rise as Fellows still in school graduate)***

- **Cancelled Notes: 3,330 *(of which 73% were in 4-year teaching service payback)***

- **Scholastic Profile of 2004 recipients: SAT Avg., 1196 *(NC avg. 1001);* GPA, 4.28; Class Rank, 6.4%**

- **Of the 793 "terminated graduates", 46% did not teach, 18% left after 1 year, 19% left after 2 years, and 17% left after 3 years**

**** Fellows may return after graduate school, travel, and/or childcare.***

Note: Revised 3/07/05. tf/glance04-05.doc

Teaching Fellows Class Statistics 1987-2004

				------Total Out of Program------			----------Total Cancelled Notes----------			
Class Year	Total Original Fellows	Total Graduated	Total Still In School	Total	Undergrads	Grads	Total	Service Payback	Monetary Payback	Forgiven
1987	387	315	0	130	72	58	340	257	76	7
1988	400	352	0	128	48	80	360	272	84	4
1989	403	360	0	142	43	99	339	260	78	1
1990	398	340	0	125	58	67	354	272	82	0
1991	398	348	0	111	50	61	341	284	55	2
1992	400	330	1	153	71	82	326	242	80	4
1993	399	319	0	169	80	89	312	221	86	5
1994	401	343	1	127	57	70	314	246	68	0
1995	400	342	0	115	61	54	271	223	47	1
1996	401	320	0	118	81	37	195	147	48	0
1997	400	332	0	100	69	31	37	1	36	0
1998	400	331	0	85	69	16	27	1	26	0
1999	403	349	10	53	46	7	21	0	21	0
2000	403	311	40	52	52	0	20	0	20	0
2001	401	6	351	44	44	0	14	0	14	0
2002	401	0	373	28	28	0	10	0	10	0
2003	403	0	395	8	8	0	5	0	5	0
2004	399	0	399	0	0	0	0	0	0	0
Totals	7197	4698	1570	1688	937	751	3286	2426	836	24

11/15/2004

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	387	89	298	345	42
TOTAL GRADUATED	315	61	254	283	32
# STILL IN SCHOOL	0	0	0	0	0
# OUT OF PROGRAM	130	50	80	111	19
-UNDERGRADUATES	72	28	44	62	10
-GRADUATES	58	22	36	49	9
# CANCELLED NOTES	340	71	269	311	29
-SERVICE PAYBACK	257	39	218	234	23
-MONETARY PAYBACK	76	29	47	71	5
-FORGIVEN	7	3	4	6	1

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	400	94	306	332	68
TOTAL GRADUATED	352	71	281	294	58
# STILL IN SCHOOL	0	0	0	0	0
# OUT OF PROGRAM	128	44	84	104	24
-UNDERGRADUATES	48	23	25	38	10
-GRADUATES	80	21	59	66	14
# CANCELLED NOTES	360	83	277	304	56
-SERVICE PAYBACK	272	50	222	228	44
-MONETARY PAYBACK	84	31	53	72	12
-FORGIVEN	4	2	2	4	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	403	113	290	336	67
TOTAL GRADUATED	360	90	270	303	57
# STILL IN SCHOOL	0	0	0	0	0
# OUT OF PROGRAM	142	54	88	116	26
-UNDERGRADUATES	43	23	20	33	10
-GRADUATES	99	31	68	83	16
# CANCELLED NOTES	339	86	253	286	53
-SERVICE PAYBACK	260	58	202	219	41
-MONETARY PAYBACK	78	28	50	66	12
-FORGIVEN	1	0	1	1	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	398	100	298	329	69
TOTAL GRADUATED	340	74	266	282	58
# STILL IN SCHOOL	0	0	0	0	0
# OUT OF PROGRAM	125	45	80	102	23
-UNDERGRADUATES	58	26	32	47	11
-GRADUATES	67	19	48	55	12
# CANCELLED NOTES	354	85	269	299	55
-SERVICE PAYBACK	272	55	217	226	46
-MONETARY PAYBACK	82	30	52	73	9
-FORGIVEN	0	0	0	0	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	398	75	323	336	62
TOTAL GRADUATED	348	59	289	299	49
# STILL IN SCHOOL	0	0	0	0	0
# OUT OF PROGRAM	111	32	79	91	20
-UNDERGRADUATES	50	16	34	37	13
-GRADUATES	61	16	45	54	7
# CANCELLED NOTES	341	60	281	294	47
-SERVICE PAYBACK	284	43	241	242	42
-MONETARY PAYBACK	55	16	39	50	5
-FORGIVEN	2	1	1	2	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	400	105	295	327	73
TOTAL GRADUATED	330	83	247	274	56
# STILL IN SCHOOL	1	0	1	1	0
# OUT OF PROGRAM	153	52	101	119	34
-UNDERGRADUATES	71	24	47	54	17
-GRADUATES	82	28	54	65	17
# CANCELLED NOTES	326	83	243	282	44
-SERVICE PAYBACK	242	53	189	203	39
-MONETARY PAYBACK	80	28	52	76	4
-FORGIVEN	4	2	2	3	1

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	399	95	304	322	77
TOTAL GRADUATED	319	69	250	259	60
# STILL IN SCHOOL	0	0	0	0	0
# OUT OF PROGRAM	169	55	114	128	41
-UNDERGRADUATES	80	26	54	63	17
-GRADUATES	89	29	60	65	24
# CANCELLED NOTES	312	75	237	267	45
-SERVICE PAYBACK	221	40	181	186	35
-MONETARY PAYBACK	86	34	52	77	9
-FORGIVEN	5	1	4	4	1

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	401	97	304	348	53
TOTAL GRADUATED	343	74	269	304	39
# STILL IN SCHOOL	1	0	1	0	1
# OUT OF PROGRAM	127	45	82	100	27
-UNDERGRADUATES	57	23	34	44	13
-GRADUATES	70	22	48	56	14
# CANCELLED NOTES	314	66	248	283	31
-SERVICE PAYBACK	246	43	203	223	23
-MONETARY PAYBACK	68	23	45	60	8
-FORGIVEN	0	0	0	0	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	400	101	299	335	65
TOTAL GRADUATED	342	77	265	289	53
# STILL IN SCHOOL	0	0	0	0	0
# OUT OF PROGRAM	115	40	75	89	26
-UNDERGRADUATES	61	27	34	48	13
-GRADUATES	54	13	41	41	13
# CANCELLED NOTES	271	63	208	234	37
-SERVICE PAYBACK	223	48	175	190	33
-MONETARY PAYBACK	47	14	33	43	4
-FORGIVEN	1	1	0	1	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	401	98	303	331	70
TOTAL GRADUATED	320	63	257	268	52
# STILL IN SCHOOL	0	0	0	0	0
# OUT OF PROGRAM	118	45	73	95	23
-UNDERGRADUATES	81	35	46	63	18
-GRADUATES	37	10	27	32	5
# CANCELLED NOTES	195	45	150	169	26
-SERVICE PAYBACK	147	29	118	125	22
-MONETARY PAYBACK	48	16	32	44	4
-FORGIVEN	0	0	0	0	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	400	82	318	323	77
TOTAL GRADUATED	332	65	267	271	61
# STILL IN SCHOOL	0	0	0	0	0
# OUT OF PROGRAM	100	25	75	73	27
-UNDERGRADUATES	69	17	52	53	16
-GRADUATES	31	8	23	20	11
# CANCELLED NOTES	37	9	28	35	2
--SERVICE PAYBACK	1	0	1	1	0
-MONETARY PAYBACK	36	9	27	34	2
-FORGIVEN	0	0	0	0	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	400	76	324	312	88
TOTAL GRADUATED	331	57	274	271	60
# STILL IN SCHOOL	0	0	0	0	0
# OUT OF PROGRAM	85	25	60	49	36
-UNDERGRADUATES	69	19	50	41	28
-GRADUATES	16	6	10	8	8
# CANCELLED NOTES	27	10	17	22	5
-SERVICE PAYBACK	1	0	1	1	0
-MONETARY PAYBACK	26	10	16	21	5
-FORGIVEN	0	0	0	0	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	403	85	318	344	59
TOTAL GRADUATED	349	64	285	297	52
# STILL IN SCHOOL	10	3	7	9	1
# OUT OF PROGRAM	53	22	31	45	8
-UNDERGRADUATES	46	19	27	40	6
-GRADUATES	7	3	4	5	2
# CANCELLED NOTES	21	9	12	19	2
-SERVICE PAYBACK	0	0	0	0	0
-MONETARY PAYBACK	21	9	12	19	2
-FORGIVEN	0	0	0	0	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	403	70	333	354	49
TOTAL GRADUATED	311	38	273	275	36
# STILL IN SCHOOL	40	13	27	35	5
# OUT OF PROGRAM	52	19	33	44	8
--UNDERGRADUATES	52	19	33	44	8
-GRADUATES	0	0	0	0	0
# CANCELLED NOTES	20	7	13	20	0
-SERVICE PAYBACK	0	0	0	0	0
-MONETARY PAYBACK	20	7	13	20	0
-FORGIVEN	0	0	0	0	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	401	86	315	348	53
TOTAL GRADUATED	6	1	5	6	0
# STILL IN SCHOOL	351	70	281	307	44
# OUT OF PROGRAM	44	15	29	35	9
-UNDERGRADUATES	44	15	29	35	9
-GRADUATES	0	0	0	0	0
# CANCELLED NOTES	14	3	11	11	3
-SERVICE PAYBACK	0	0	0	0	0
-MONETARY PAYBACK	14	3	11	11	3
-FORGIVEN	0	0	0	0	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	401	92	309	302	99
TOTAL GRADUATED	0	0	0	0	0
# STILL IN SCHOOL	373	77	296	278	95
# OUT OF PROGRAM	28	15	13	24	4
-UNDERGRADUATES	28	15	13	24	4
-GRADUATES	0	0	0	0	0
# CANCELLED NOTES	10	4	6	9	1
-SERVICE PAYBACK	0	0	0	0	0
-MONETARY PAYBACK	10	4	6	9	1
-FORGIVEN	0	0	0	0	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	403	111	292	328	75
TOTAL GRADUATED	0	0	0	0	0
# STILL IN SCHOOL	395	107	288	322	73
# OUT OF PROGRAM	8	4	4	6	2
-UNDERGRADUATES	8	4	4	6	2
-GRADUATES	0	0	0	0	0
# CANCELLED NOTES	5	4	1	4	1
-SERVICE PAYBACK	0	0	0	0	0
-MONETARY PAYBACK	5	4	1	4	1
-FORGIVEN	0	0	0	0	0

	TOTAL	MALE	FEMALE	WHITE	MINORITY
# ORIGINAL FELLOWS	399	87	312	316	83
TOTAL GRADUATED	0	0	0	0	0
# STILL IN SCHOOL	399	87	312	316	83
# OUT OF PROGRAM	0	0	0	0	0
-UNDERGRADUATES	0	0	0	0	0
-GRADUATES	0	0	0	0	0
# CANCELLED NOTES	0	0	0	0	0
-SERVICE PAYBACK	0	0	0	0	0
-MONETARY PAYBACK	0	0	0	0	0
-FORGIVEN	0	0	0	0	0

TEACHING FELLOWS IN THE NEWS

Fellows statewide are in the news. The following are just a few excerpts...

UNC-CHAPEL HILL

SALLY HUNDLEY

Sally Hundley, UNC-CH Teaching Fellows graduate, and Mellie Cope are 8th grade team teachers from Waynesville Middle School who were selected from more than 150,000 nominees to be recognized as 2004 DisneyHand Teacher Awards Honorees. Hundley and Cope were flown to Southern California where they joined the other outstanding teachers to participate in an Awards Gala; attend professional development programs focusing on innovative approaches to teaching and leadership; participate in exclusive VIP events; be honored by Mickey Mouse at a ceremony at Disneyland Park; appear in a parade down Main Street; and receive new glamorous looks from "costume designer to the stars" Ret Turner.

"These teachers personify excellence in the classroom, and we are pleased to recognize and reward their creativity and commitment to their profession and provide them an opportunity to exchange ideas and best practices," said CEO Michael Eisner of the Walt Disney Company.

Disney awarded $10,000 to each of the 39 honorees, and their respective schools will receive $5,000.

Since 1989, Disney has saluted 500 exemplary teachers in pre-K through 12th grade for innovative teaching methods that actively engage students in learning. The focus of the awards is to recognize the teaching profession, showcase classroom creativity, and honor those who can [illegible] developing creative teaching strategies.

[illegible]E WHITLEY

Katie Whitley, NC Teaching Fellow 2004 graduate, likes competing in beauty pageants. Her father said, "She really enjoys the actual competition and performing on stage. She really wants to become Miss North Carolina and travel the state and be able to promote her platform."

Whitley's platform is Multiple Sclerosis. Her mother was diagnosed with MS in 1998 and she said, "it was only natural that MS awareness become my platform." Through speaking engagements and fundraisers, Whitley has tried to educate the public about this debilitating disease.

"There is no cure or cause at this point so the more money we can raise for research, the closer we can get to an answer," she said. "This disease affects nearly 400,000 people nationwide."

Whitley points out the benefits of participating in scholarship pageants. She says, "I have acquired imperative interview skills that helped me receive over $40,000 in scholarships, both directly and indirectly from the program. My self-confidence has soared, partly due to my comfort in front of people and on stage."

Whitley earned an undergraduate degree in English and a master's in the art of teaching. She plans to teach ninth grade English.

June 16, 2004 excerpts from Pilot, *Southern Pines*

RYAN THORPE

Ryan Thorpe played his last baseball season this summer for the Stanly County American Legion squad. He is considered the only Division I caliber senior in the county and he could easily have signed to play with a wide variety of colleges. But Thorpe is a mature young man who knows [illegible] wants – to enter the noble profession of teaching.

[illegible]horpe was one of four Stanly County students to receive an NC Teaching Fellows Scholarship at UNC in the fall of 2004. His Head Coach, David Lee said, "I would like to see him play more, but I applaud the clarity of his perspective." Thorpe plans on teaching history – a subject close to his heart. American history is his favorite.

He's not the only bright student athlete from his high school to be going to UNC this fall. He will room with one of his best friends. Fellow basketball and baseball standout, William Speight will also attend the Orange County university. The 2003-04 Colt basketball team carried the highest GPA in the state and the diamond configuration is similarly sharp.

June 3, 2004, Stanly News & Press, Eric Montgomery, sports editor

UNC-ASHEVILLE

JESSICA MOFFITT

Unless I'm just the exception to the rule, most students love to travel especially to places like the Big Apple. So here we were, [on a UNC-A Teaching Fellows] trip to New York City, the place that is often idolized by students my age as being the "coolest place ever." Of course we went to all the "usual" New York City attractions.

Yet, in the midst of our being dazed from all of the excitement, we had the eye-opening experience of visiting New York City schools. This to most college students might not be as appealing as the lights and glamour of Times Square, but to us it was an opportunity. Our campus director, Brenda Hopper, said it best when she said that "in the inner-city schools, we were able to observe passionate and dedicated teachers in schools with enrollments from a range of ethnic backgrounds. Our goal [was] to see successful schools using a variety of approaches to education and bring those ideas back to classrooms in North Carolina."

The old proverb says that "the best te[illegible] is also a student." As we tutored children at an after-school program, visited a high school in the Lower East Side of Manhattan and sat in on classes at Bard High School Early College, we realized that before we can be the finest teachers, we must first be willing to learn about other places and people. My own exposure to New York school settings has taught me to better understand why I can truly appreciate my education and also, why I'm proud to be a part of North Carolina's Teaching Fellows program.

BARBARA FAULKNER

Character education has become a flashpoint of interest since the rash of violence in many schools in America. One teacher locally is trying to make a difference. English teacher and UNC-A Teaching Fellows graduate, Barbara Faulkner, was recently awarded as the NC Character Educator of the Year on the high school level. The award was sponsored by the Kenan Institute for Ethics at Duke University and includes a $3,000 personal prize as well as a $1,000 award for the school.

To enter the contest a teacher had to send two lesson plans, samples of students' work and write an essay on the educator's role in character education. Faulkner focused on a unit that her Freshman English class recently did on a book entitled "Alas Babylon," which is a story about a nuclear holocaust. Faulkner divided the class into groups and gave them several different activities and did role playing scenarios that focused on the book and character education. The students also discussed not only the character's role in the book, but their role in life and in the community.

May 22, 2004, News-Topic, Lenoir, NC

MEREDITH COLLEGE

ANGELINA LUGO

Eastern Wayne High School graduate Angelina Lugo has achieved much in the last year. But none of it came without a price. In March 2003 she lost her older brother Michael and younger brother Joseph as well as a close family friend in a car accident on the way to school.

She herself spent months recuperating [from the accident]. She was named a junior marshal for graduation, having managed to keep up her grades to place in the top 7% of her class. While in high school, she was a member of Students Against Drunk Driving, the foreign language club, a cheerleader and played junior varsity soccer and basketball.

During her senior year, she was awarded a NC Teaching Fellows scholarship. She applied the four-year scholarship to Meredith College, where she is studying French and English as a second language.

Angelina says she hopes to eventually teach in a middle school or high school. She gives a lot of credit to the teachers she had at Eastern Wayne for being supportive and understanding while she completed the last year.

April 2004, excerpts from Goldsboro New-Argus, *Goldsboro*

ECU

LACY PULLEN

Lacy Pullen, as an ECU Teaching Fellow in her senior year, initiated a writing project in which second graders wrote to a Navy training unit. Her idea for the project grew out of a wish for her brother, William, to receive mail while living away from home for the first time at the Navy Recruit Training Program in Illinois. She also saw the opportunity for the second graders to practice their letter writing skills. She told the students about the Navy and the war in Iraq to help them form questions for the letters.

"He received 18 letters from my students," she said.

Not only did her brother get a kick out of the letters, but so did the other men and women in his unit. Pullen's brother got permission to pass around a list for others to sign up if they wanted to correspond with the students.

"The list came back with 45 names of people who wanted to participate," Pullen said.

The students have been excited to receive mail back from their pen pals, which has arrived on official Navy letterhead. They received a special surprise when Navy Airman Apprentice William visited their class to say a personal hello to his young pen pals.

excerpts from Nashville Graphic, *Nashville, NC*

TEACHERS OF THE YEAR

HANK HUNT

Hank Hunt, a light-hearted 27-year old and Teaching Fellows graduate from ASU is McDowell County's 2004 Teacher of the Year.

While students learn in his class, they also laugh. Through his eyes, history is full of villains and heroes and the most fascinating stories of all time. His students might watch a piece of the "Lion King," then figure out where in Africa it is supposed to take place. Hunt's students rave about how much they've learned from Hunt already this year and say he breaks things down so it's easier to understand.

Hunt wrestled with schoolwork as a boy. In his portfolio, he wrote about the heartbreak of being a bottom-rung reader in elementary school. An inspiring teacher helped put him at grade level by sixth grade and in the academically gifted program the next year. In high school, Hunt earned the sought-after NC Teaching Fellows scholarship.

"My greatest contribution to teaching has been showing genuine interest in the lives of my students," wrote Hunt. "When my students have completed my class, each one knows he or she will always have an adult around to talk to, one who is interested in their life."

Sept 14, 2004, excerpts from McDowell News, *Marion, NC*

FREDA ALLEN

Freda Allen's dedication to teaching recently resulted in her being named the Wayne County Teacher of the Year. It

was the latest in a string of awards including the Cocoa-Cola Distinguished Educator of the Year.

Ms. Allen, from the ECU entering Teaching Fellow class of 1992, has loved the classroom since she was six. The daughter of a teacher's assistant, she was interested in her mother's work, and she liked her teachers. She would come home from school, go the the family's play room and pretend to teach everything she has learned that day.

As her school years continued, she discovered the joys of math and considered a number of career possibilities. She applied for the NC Teaching Fellows Scholarship.

While teaching will remain her profession for now, she is also looking toward the future and in time, would like to work in administration. She plans to begin working on a master's degree in administration within the next couple of years. She may also consider applying for the Principals Fellows program.

"Right now, I'm supposed to be in the classroom," she says. "The people I can serve at this point in time are in the classroom."

Aug 22, 2004, excerpts from Goldsboro New-Argus, *Goldsboro, NC*

WESTERN CAROLINA

CHRIS HALL

Chris Hall, a US History teacher and WCU Teaching Fellows graduate (from the entering class of 1999), invited veterans to visit his class so his students could learn from those who experienced the war firsthand.

"There's no way these students could fully comprehend by reading a textbook what these people really lived through," Hall said.

Fred W. Parker, Jr., Ben Carroll, Ray Burrell and other World War II veterans shared their memories of leaving home when they were teenagers – stories that rang with the vividness of yesterday.

"I went crying like a baby when they drafted me when I was 18," Parker said. Carroll described fighting in the mountains of Italy and seeing the Rock of Gibraltar. Retired Col Ray Burrell enlisted in 1938 when he was just 16.

Rudy Villarreal said, "I think I got to see things I shouldn't have. Since then, I've dedicated my life to helping others."

Many of the veterans recalled leaving the service after their tour of duty was finished. "You talk about happy," Carroll said. "This ole boy didn't know how much he loved America until it was all over and he got to come home."

One 17-year-old student commented, "It would be hard to do what they did when they were so young."

Students gathered around after the program to look at the veterans' medals and souvenirs. "I look up to every one of them", one student said. Another commented, "You have to know what came before you."

Feb 14, 2004, excerpts from The Gaston Gazette, *Gastonia*

FELLOWS WIN MILKEN AWARDS

Having someone tell you that you're doing a great job is one thing. Having them tell you that you're doing a great job and handing you an unrestricted $25,000 check is quite another – something Stephanie Lemon, a Guilford County teacher, and Jennifer Brodeur, an Onslow County teacher attest to. Lemon, a kindergarten teacher at Murphey Traditional Academy, and Brodeur, a second/third grade teacher at Hunters Creek Elementary were recently named 2004 Milken Family Foundation National Educators.

State Superintendent Tricia Willoughby joined Milken Family Foundation Executive Vice President Richard Sandler as he made the surprise announcements during a schoolwide assembly as each recipient's school. Lemon and Broduer are among the 100 new recipients of the Milken Family Foundation National Educator Award which gives membership in a network of over 2,000 past recipients from across the nation who serve as both expert resources and collaborators to network members. They are the only two North Carolina educators who received the award this year.

Held in high regard by administrators and peers alike, Lemon is known for being well prepared and for managing her instruction and her students with positive strategies that actively engage and challenge them. She maximizes student learning through use of a variety of classroom resources including computers, listening/activity centers, and manipulatives. She interacts positively and effectively with her students, their parents, and her colleagues and freely shares her expertise by presenting workshops for staff and parents. Lemon also constantly updates her own skills and just completed a five-year Leadership Institute while pursing her master's degree at NC A&T State University.

Brodeur serves as chair of Hunters Creek School Improvement team; coordinates and plans activities for new staff members to acclimate them to the school; co-plans and conducts staff development for the school and district in the areas of literacy, math and science; serves as a member of the Onslow Teacher Academy; and as a lead teacher and trainer for the NC Partnership for Math and Science. A National Board Certified teacher, Brodeur sets high standards for herself, co-workers and students.

Lemon is a member of the first class of Teaching Fellows. Brodeur is a member of the class that entered the program in 1993. Both are graduates of East Carolina University. ■



(l-r) Jennifer Brodeur and Stephanie Lemon

FELLOWS DATES & DEADLINES

JAN	6	Commission meeting to select 2005 Regional Finalists
	14	Letters due to Gladys Graves for Fellows interested in being Bus Facilitators for Discovery 2005
		Deadline for Junior Enrichment Registration
		Applications for Senior Orientation Week due
	19	Campus Directors Meeting
	21	2005 Regional Finalists List Online

RECRUITMENT DAYS

Regional Finalists will have an opportunity to visit several Teaching Fellows campuses as the students learn more about the campus programs. Campuses participating in Recruitment Day will hold interview skills workshops as they prepare students for upcoming interviews. Parents also learn more about the Teaching Fellows Program and program requirements.

JAN	29	NC A&T 1-4pm; UNC-G 9am-2:30pm; UNC-A 9:30am-2pm; ECU 9am-4pm
	30	NCCU 11am-3pm
FEB	5	ASU 9am-4pm; ELON 9:30am-3pm; Meredith 12:30-5pm; UNC-C 8:30am-1:30pm; UNC-P 8:30am-1:30pm; UNC-W 12-4:30pm; WCU 11:30am-4pm
	6	UNC-CH 2-6pm; NCSU 1-4pm; UNCA Snow Date 1-4pm

REGIONAL FINALISTS SCREENING

FEB	12	Region 1 ECU (Mendenhall Student Union)
		Region 2 UNC-W (New Education Building)
		Region 3 NCSU (Poe Hall)
	19	Region 8 WCU (Killian Building)
		Region 5 UNC-CH (Peabody Edu. Building)
		Region 6 UNC-C (Bonnie Cone Center)
	26	Region 7 ASU (Broyhill Inn)
		Region 4 UNC-P (Education Building)
*MAR	5	Region 9 Meredith (Ledford Hall)

**Statewide Make-up Day*

SUMMER EXPERIENCES

*APR	2	DISCOVERY '05 Bus Facilitators' Orientation
MAY	14	DISCOVERY '05 Facilitators and Student Leaders Meet
MAY	15-21	DISCOVERY '05
JUL	15-17	Senior Conference: UNC Charlotte
	22-24	Junior Conference: UNC Charlotte

**NOTE: This is a new date.*

Marydean Bearing?

I. MISSION STATEMENT

The All Kinds of Minds' mission is to help students who struggle with learning measurably improve their success in school and life by providing programs that integrate educational, scientific, and clinical expertise. Our goal is to make the Institute's programs, products, and services broadly accessible to parents, teachers, clinicians, and students who struggle with differences in learning, and to change the educational environment supporting these children.

Our primary goal is to educate teachers, parents, educational specialists, psychologists, pediatricians, and students about differences in learning, so that children who are struggling in school because of the way their brains are "wired" are no longer misunderstood. Our programs have been developed by Dr. Mel Levine and his colleagues based on scientific research and over twenty-five years of clinical experience. They provide a comprehensive framework for understanding how all kids learn.

All Kinds of Minds enables a student (K-12), his parents, and his teachers to understand why he is having difficulty in school. As we see it, the key to helping a child is to identify his or her learning profile, a "map" which pinpoints the child's strengths and weaknesses in learning. Once this profile is created, All Kinds of Minds provides the language and tools for parents, educators, and clinicians to develop a concrete, practical action plan to help the child succeed.

This has been the lifework of the professionals at All Kinds of Minds. As we've grown and expanded our capabilities, we've learned that our approach increases the likelihood that every child will be able to learn in a way that reduces frustration right away and ensures greater success in life. The Institute's programs facilitate greater success in school, build greater self-confidence and self-esteem, and restore hope to the student and his or her family.

II. HISTORY OF FUNDING FY2000 – FY2005

Please see attached Excel spreadsheet: Exhibit A.

III. SCHOOLS ATTUNED – ORGANIZATIONAL CHART

Please see attached Excel spreadsheet: Exhibit B.

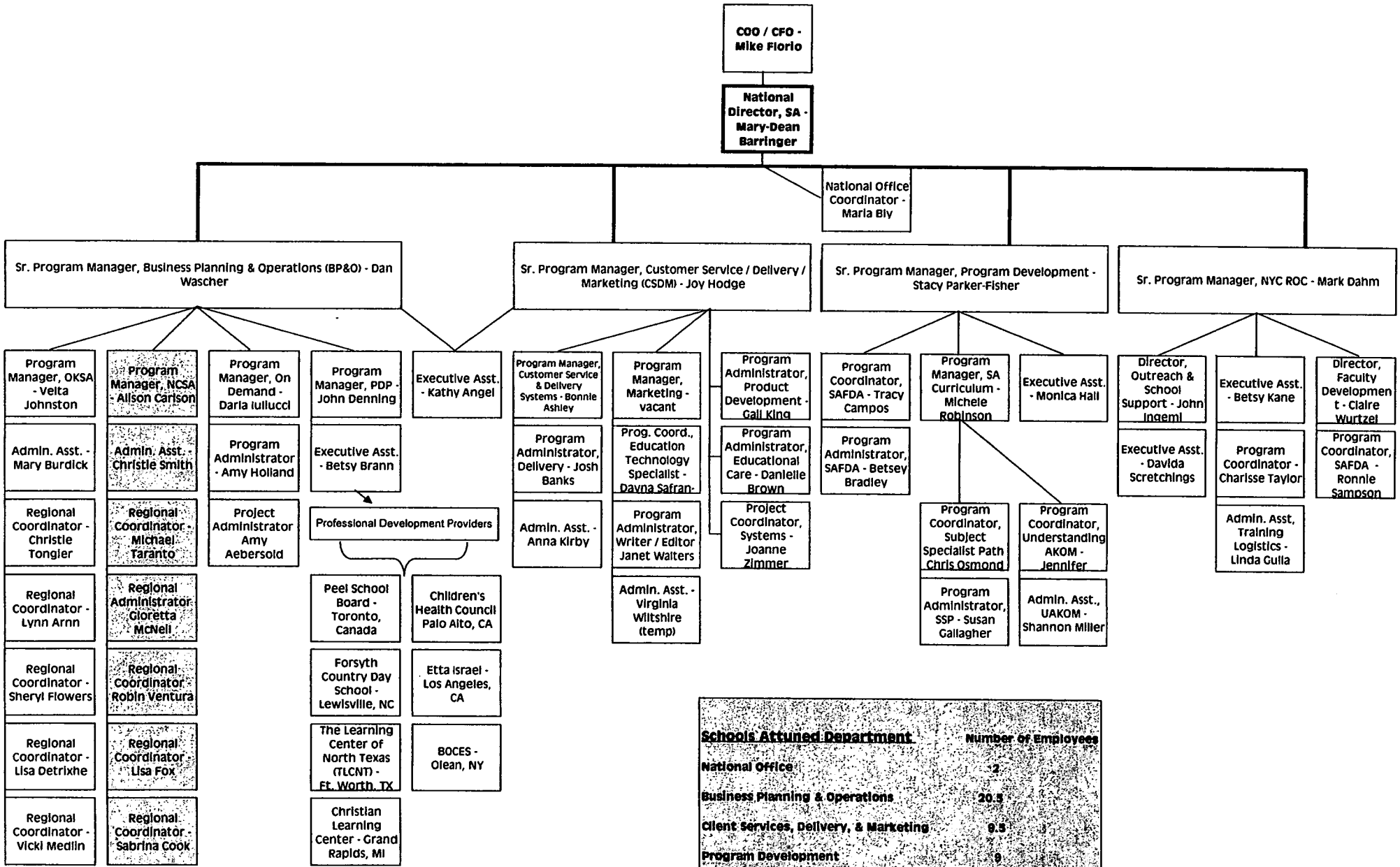
Schools Attuned Program
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation	**$643,100**	**$526,700**	**$516,000**	**$520,911**	**$1,020,908**
Recurring (R)	$643,100	$526,700	$516,000	$520,911	$520,908
Non-Recurring (NR)					$500,000
Other Revenue Sources	**$2,263,026**	**$2,069,152**	**$3,248,908**	**$5,905,222**	**$8,117,083**
Restricted Contributions	$1,412,618	$350,455	$627,223	$375,951	$736,495
Service and Fee Revenue	$850,408	$856,758	$1,423,264	$2,413,614	$4,403,588
Other State Revenue (not NC)		$861,939	$1,198,421	$3,115,657	$2,977,000
Actual Year-End Expenditures	**($4,171,818)**	**($4,132,199)**	**($4,588,911)**	**($6,793,327)**	**($7,971,016)**
Personnel	($635,134)	($2,066,972)	($2,265,666)	($3,246,196)	($5,597,282)
Travel	($54,967)	($286,407)	($280,399)	($416,132)	($333,003)
Operating	($3,481,717)	($1,778,820)	($2,042,846)	($3,130,999)	($2,040,731)
Difference (Cash Balance)	**($1,265,692)**	**($1,536,347)**	**($824,003)**	**($367,194)**	**$1,166,975**

* Projected figures for FY 2004-05

Updated 03/11/2005

Schools Attuned Organizational Chart



Schools Attuned Department	Number of Employees
National Office	2
Business Planning & Operations	20.5
Client Services, Delivery, & Marketing	9.5
Program Development	9
New York City Regional Operations Center	8
TOTAL	49

IV. SCHOOLS ATTUNED - DESCRIPTION

The Schools Attuned Teacher Training Program is a program developed and offered from the All Kinds of Minds Institute (AKOM).

All Kinds of Minds is a private, non-profit institute, affiliated with the University of North Carolina at Chapel Hill that offers a powerful system of programs for helping kids succeed. Its primary goal is to educate teachers, parents, educational specialists, psychologists, doctors and children about differences in learning. The outcome is that children who are struggling in school because of the way their brains are "wired" are no longer misunderstood.

The programs at All Kinds of Minds, including Schools Attuned, have been developed by Dr. Mel Levine and the All Kinds of Minds faculty based on findings from scientific research and 30 years of clinical experience. Dr. Levine is a Professor of Pediatrics and Director of the Clinical Center for the Study of Development and Learning at the School of Medicine at UNC-Chapel Hill. For more than 20 years, he has been a leading pediatric investigator in the area of children's neurodevelopmental and learning differences and the numerous ways these differences impact academic and social performance.

The Schools Attuned program is a year-long professional development and service delivery program to help all teachers—particularly those in general education—serve students with learning differences. It has three components to its delivery to teachers. First involves a "pre-course" experience where teachers do some advance organizing and data collection regarding student progress. The second is an intensive, 35 hours of instruction in neurodevelopmental content and application to student learning. Last is practicum, a series of 5 2-hour modules that guide teachers in using the knowledge with instructional design, classroom strategies and to become even more proficient in student assessment and observations. When teachers complete the guided program, they have remaining access to Schools Attuned ONLINE. This is a website for resources, connecting with participants and problem solving.

At completion, the program has equipped school teams with new knowledge, skills and strategies based on neuroscience and effective teaching techniques so that sound, informed, judgments can be made about the instructional practices that will be most effective with struggling learners.

The project funded by this grant is to expand this program to more public school educators in fifteen states. To date, over 23,000 educators from public, private and parochial schools across the United States, Canada and Europe are using Schools Attuned to better teacher students with differences in learning. This project will provide an opportunity build awareness about the program among education leaders in the targeted states (directly working with up to 500 leaders through a two-day seminar with Dr. Mel Levine) and to expand the program to 775 teachers by subsidizing the Schools Attuned tuition cost and providing ongoing, online support once they finish the program.

V. NORTH CAROLINA STATE INITIATIVE – DESCRIPTION

The Schools Attuned® Program, North Carolina helps educators and families understand why a child is having difficulty in school and how to help each child become a more successful learner. This innovative statewide program is based on the Schools Attuned Program, a professional development and service delivery program which helps educators acquire the knowledge and skills, and offers a system of innovative tools, to meet the diverse learning needs of K-12 students. The Schools Attuned Program, NC provides teams of teachers and other school personnel with a philosophy of teaching and learning that reflects the latest research on learning differences and creates a common language among school and clinical professionals about learning variations.

Since 1998, approximately 2300 public school educators from over 300 schools across NC have had the opportunity to improve their professional practice through participation in the Schools Attuned Program. All Kinds of Minds® is committed to supporting the state of NC as they strive to meet the needs of NC students and improve student achievement. By participating in high quality professional development, educators will better understand differences in learning, thereby enabling them to be more effective in their instruction.

With additional funding and support from the state of NC for the 2004-2005 school year, All Kinds of Minds plans to expand its delivery of programs and services to students across the state in the following ways:

- Deliver the Schools Attuned Program to 625 NC public school educators (an increase from 350 in FYE04) to build their expertise in applying a neurodevelopmental framework and help diverse learners succeed in school; and provide site implementation assistance.
- Prepare an additional 20 NC educators who (a) are exemplary teachers with adult learners and (b) have used the Schools Attuned program in a school or classroom to be facilitators (faculty) throughout the state, working with staff from All Kinds of Minds.

The following is a list of major accomplishments so far during the 2004-2005 school year:

- Prepared a cohort of school teams—totaling 290 public school educators from over 100 schools in NC—with state appropriated funds. Plans are underway to prepare a total of approximately 700 NC public school educators in the Schools Attuned Program utilizing state and local funds.
- Provided Practicum and on-going follow-up assistance to school teams involved with the Schools Attuned Program.
- Added cohort teams from 10 LEAs that are new to the Schools Attuned Program.
- Contracted with Hoke County schools to deliver an additional Schools Attuned course for 25 Hoke County educators with funds outside of the state appropriation.
- Contracted with Beaver Learning Foundation to deliver an additional Schools Attuned course for 25 Hickory City School educators with funds outside of the state appropriation.

- Initiated partnership with the Kenan Fellows Program to incorporate the Schools Attuned Program into the professional development plans for new Fellows.
- Identified 20 Schools Attuned participants to invite to apply to the Schools Attuned Program Facilitator Development Academy in March 2005.
- Supported the Schools Attuned program development team in conducting pilot tests of the Understanding All Kinds of Minds™ Program with parents in schools who are implementing Schools Attuned. The program is being designed to develop an alliance between parents and other caregivers, educators, and children to support success in school and at home.
- Worked with individual teachers and school teams to identify strategies for school-based implementation of Schools Attuned, focusing on incorporating the principles and practices of the program into existing school policies and protocols.
- Conducted outreach and awareness opportunities throughout the state for educators, community leaders, parents, and donors—including a recent presentation to all State Assistance Teams.
- Completed program evaluations of Schools Attuned Core Courses with reports available upon request.

NORTH CAROLINA – SUCCESSES AND CHALLENGES
(as of internal meeting 1/27/05)

History of the Schools Attuned Program, North Carolina:

- The NC legislature began funding the Schools Attuned Program for NC public school educators in 1998. In June 2002, the NC program held its first courses that were fully aligned with the national model.
- Part of our funding comes from a recurring line item of the NC budget each year. In FYE05, Governor Easley gave us additional funds to double our capacity for courses within the state.
- To date, approximately 2400 NC educators have participated in the Schools Attuned Program. The teaching force in NC consists of approximately 106,000 educators. So, approximately 2.2% of these educators have participated in some form of the Schools Attuned Program since 1998.

Highlights of FYE05 Goals:

- FYE05 our volume goal is 625 – 675 participants. (Last year we prepared 354 total.)
- July to present, we have prepared 314 with state funds and an additional 25 with private funds for a total of 339 participants since July 1, 2004.
- By mid-march, we will have held 9 courses during the school year this year across the state we cover about 340 miles). Last year, we only held one school year course (limited funding).
- Currently, we have 24 Practicum groups that will be finishing by May consisting of 541 participants and led by 14 different NC facilitators.
- We have 14 more courses scheduled with state funds and an additional course scheduled from other funding sources for a total of 375 additional participants this year.

Examples of our "reach" into schools:

- NC Inserts for the AKOM Connecting Minds Newsletter
- New Hope Elementary
- Edenton-Chowan System
- Kenan Fellows Program

Successes:

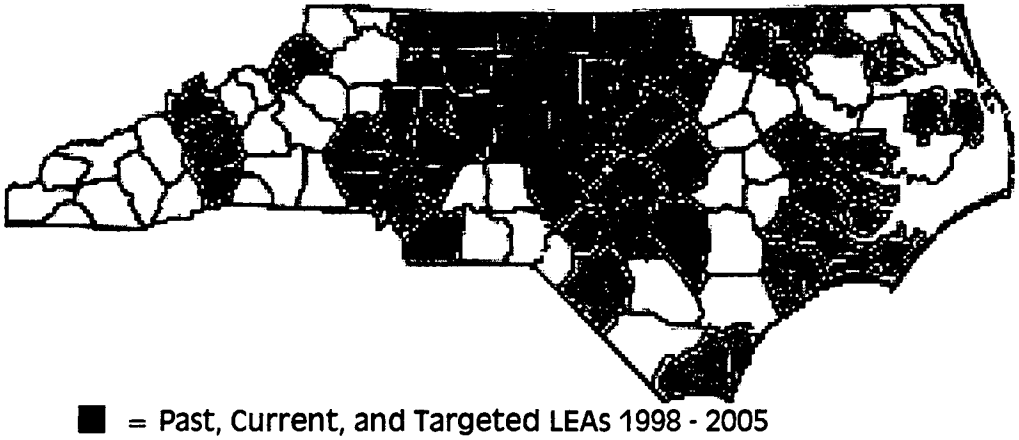
- New team members
- NC facilitators
- Statewide awareness

Challenges:

- Implementation assistance
- Limited funding
- Reaching 20% critical mass – 31.8 years?

schoolsattuned®
PROGRAMS FOR EDUCATORS
FROM ALL KINDS OF MINDS

Schools Attuned® Program North Carolina



■ = Past, Current, and Targeted LEAs 1998 - 2005

■ = Interested LEAs

Schools Attuned® Program, North Carolina

1998 – 2005

	LEAs Involved	Schools Represented	Educators Trained
YEAR 1 1998 - 1999	10	39	334
YEAR 2 1999 - 2000	13	57	299
YEAR 3 2000 - 2001	16	71	336
YEAR 4 2001 - 2002	19	102	460
Year 5 2002-2003	13	60	270
Year 6 2003-2004	18	70	354
Year 7 2004-2005	30*	125**	625*
TOTAL	40*	330**	2678*

*** This represents projections of totals by the end of June 30, 2005.**
**** LEAs and schools are involved in within multiple years listed.**

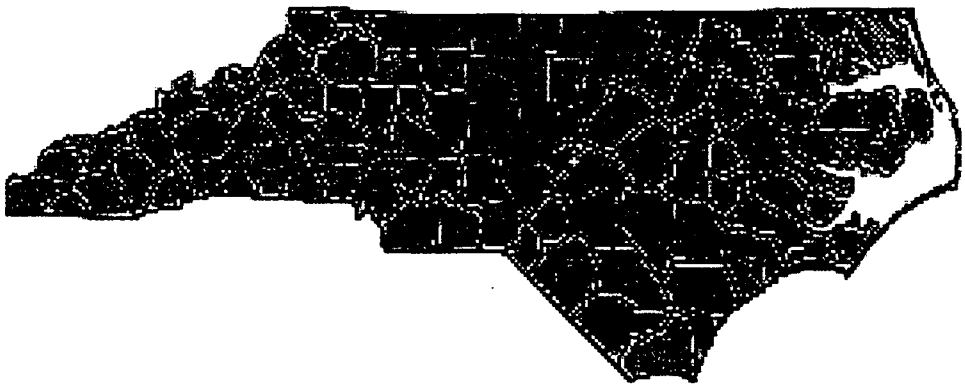
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ALL KINDS OF MINDS®

SCHOOLS ATTUNED® PROGRAM

NORTH CAROLINA INITIATIVE

FYE06 – FYE11



■ = LEAs involved with the All Kinds of Minds
North Carolina Initiative by FYE11

	LEAs Involved	Schools Represented	Educators Trained
FYE06	40	150	625
FYE07	50	250	800
FYE08	60	275	1100
FYE09	75	375	1500
FYE10	100	500	2500
FYE11	115	625	2500
TOTAL	115*	1000**	9025

*** Charter Schools will be incorporated into local courses.**
**** LEAs and schools are involved in within multiple years listed.**

VI. NORTH CAROLINA – BUDGET FY04 DETAIL

Please see attached Excel spreadsheet: Exhibit C.

VII. SCHOOLS ATTUNED – BUDGET FY04 DETAIL

Please see attached Excel spreadsheet: Exhibit D.

Schools Attuned Program in North Carolina

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	385,192	
2	Benefits	85,928	
3	Contractual Personnel Services	200,340	
4	**Total Personnel Services**	671,460	72.39%
5	Building Rent/Lease	64,556	
6	Equipment Rental/Lease		
7	Travel	71,190	
8	Telephone/Cellular Phone Service	4,536	
9	Misc. Contractual Services	9,450	
10	**Total Purchased Services**	149,732	16.14%
11	General Office Supplies	15,120	
12	R&D / Educational Supplies	87,422	
13	**Total Supplies**	102,542	11.06%
14	Furniture		
15	Computers	3,780	
16	Other		
17	**Total Equipment**	3,780	0.41%
18	Discretionary Grants		
19	Directed Grants		
20	Loans		
21	Other		
22	**Total Aid & Public Assistance**		0.00%
23	**Total Reserves**		0.00%
24	**Total Other**		0.00%
25	Total Budget	$927,514	100.00%

Schools Attuned Program Total

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	3,405,372	
2	Benefits	724,141	
3	Contractual Personnel Services	1,467,769	
4	**Total Personnel Services**	5,597,282	70.22%
5	Building Rent/Lease	360,222	
6	Equipment Rental/Lease	81,900	
7	Travel	333,003	
8	Telephone/Cellular Phone Service	71,371	
9	Misc. Contractual Services	497,555	
10	**Total Purchased Services**	1,344,050	16.86%
11	General Office Supplies	96,062	
12	R&D / Educational Supplies	908,872	
13	**Total Supplies**	1,004,934	12.61%
14	Furniture	0	
15	Computers	24,750	
16	Other	0	
17	**Total Equipment**	24,750	0.31%
18	Discretionary Grants		
19	Directed Grants		
20	Loans		
21	Other		
22	**Total Aid & Public Assistance**	0	0.00%
23	**Total Reserves**		0.00%
24	**Total Other**		0.00%
25	Total Budget	$7,971,016	100.00%

Mission Statement to North Carolina General Assembly

Name: **Kelvin L. Spragley**

Positions: Associate Executive Director for the North Carolina Association of Educators (NCAE) and Executive Director for the North Carolina Foundation for Public School Children (NCFPSC)

Pertinent Responsibilities: As Executive Director for the North Carolina Foundation for Public School Children, my responsibilities are the following:

- Approve donations to be made to needy public school children
- Make payments to various vendors who provide services to needy public school children
- **Oversee the North Carolina Teacher Cadet Program**
- Provide parent involvement and professional development grants to educators throughout the state of North Carolina

Purpose of Teacher Cadet Program- The North Carolina Teacher Cadet program prepares teachers to teach a semester long course to high school juniors and seniors on the intricacies of being a public school educator.

Brief History of the North Carolina Foundation for Public School Children

- Initiated by NCAE in 1995 as a 501 (c) 3 non-profit for educational and charitable purposes
- Has a separate Board of Directors from NCAE. The purpose of the Foundation is to assist needy public school children by purchasing shoes, clothes, and school supplies for them; provide grants to educators in low-wealth counties and **manage the North Carolina Teacher Cadet Program**
- Provide pertinent literature to parents in low-wealth counties

Organizational Structure

- Board of Directors
- Executive Director to manage daily activities (No salary)
- Executive Assistant (No Salary)
- Director for Teacher Cadet Program (No Salary, but paid travel at IRS rate)
- Part-time office administrator to assist Teacher Cadet Director
- Five Teacher Cadet Cadre members (Each receives a stipend)

North Carolina Foundation for Public School Children/Teacher Cadet Program
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY *2004-05
State Appropriation	$150,000.00	$124,200.00	$119,070.60	$121,500.00	$81,000.00
Recurring (R)					
Non-Recurring (R)					
Other Revenue Sources					
Actual Year-End Expenditures	$98,803.59	$90,758.59	$85,940.33	$114,594.48	$39,692.76
Difference (Cash Balance)	$51,196.41	$33,441.41	$33,130.27	$6,905.52	

* Projected figures for FY 2004-05 (Also, funds currently received)

North Carolina Foundation for Public School Children

Teacher Cadet Program Description

1. **Teacher Cadet Convention for Students**- Annual meeting held where 600-700 high school juniors and seniors gather to take workshops and receive advice from educators and political leaders.

2. **Site License**- Funds used to purchase copy written materials for duplication. The items are used for training purposes and student handouts.

3. **Consultant fee for Trainers**- Teacher Cadet Cadre trainers (5) receive a stipend of $2,000 each. The stipend, given in increments of $500, covers the cost of two teacher trainings, curriculum work, and annual convention activities.

4. **Travel for Consultant and Trainers**- Covers the cost of travel for trainers, Teacher Cadet Director, and teacher participants who are trained.

5. **Curriculum Development Materials**- Used to purchase non-copy written materials for trainings and classrooms.

6. **Curriculum Development Printing and Copying**- Pay for copies needed for training teachers, as well as supplies to the classrooms.

7. **Administrative Costs**- Costs not covered by secretarial support such as storage fees, plaques, certificates, etc.

8. **Office Supplies and Materials**- Paper for trainings and college partnerships, folders, staples, technology equipment, etc.

9. **Secretary Support**- Part-time Support to Teacher Cadet Director

10. **Postage/Mailings**- Costs cover mailings to teachers, students, principals, and superintendents.

11. **Publications, Brochures, and Videos-** Items that are disseminated to school systems to support and advertise the program

12. **Public Relations-** Items such as pens, shirts, and bags that are given to individuals who support the college partnerships.

13. **College Partners-** Funds activities that take place between students who take the Teacher Cadet course and the students and instructors at participating colleges and universities. High school students are given the opportunity to observe classes, teach mock lessons, and work as assistants.

14. **Teacher Cadet Trainings (2) -** Participating teachers, over a two and a half day period, are instructed on how to "teach" the Teacher Cadet Curriculum and how to start a college partnership between their respective school and the college of choice.

2004-05 Teacher Cadet Budget

North Carolina Teacher Cadet Program

Teacher Cadet Convention for Students	**$40,000**
Site License	**$40,000**
Consultant Fee for Trainers	**$10,000**
Travel for Consultant and Trainers	**$8,000**
Curriculum Development Materials	**$5,000**
Curriculum Development Printing and Copying	**$15,000**
Administrative Costs	**$5,000**
Office Supplies and Materials	**$7,000**
Secretarial Support	**$6,000**
Postage/Mailings	**$6,000**
Publications, Brochures, and Videos	**$5,000**
Public Relations (Pens, shirts, bags, etc.)	**$6,000**
College Partner	**$12,000**
Teacher Cadet Trainings (2)	**$20,000**
Bank Fees	**$600**
Contingency	**$55,900**
Total	**$241,500**

Pertinent Data Concerning the North Carolina Teacher Cadet Program

- **Over 450 teachers have been trained to teach the curriculum**
- **Over 4100 students have taken the Teacher Cadet course since 2000**
- **One third of all students who take the course are male***
- **One fourth of all students who take the course represent a minority population***
- **Of the 921 college students in the NCAE student program, 519 of them took the Teacher Cadet course while in high school**
- **Of the 324 NCAE new teacher members who were surveyed in 2003, 196 of them had taken the Teacher Cadet Course while in high school**
- **Currently working with UNC General Administration staff to initiate a formal tracking process for all high school students who take the Teacher Cadet course. The ultimate objective of this tracking process will be to investigate any correlation between the students who take the course, gain admission into a teacher education program, and who ultimately teach in North Carolina's public schools.**

TEACHER CADET HIGH SCHOOL SITES

Teachers have been trained from these North Carolina sites: April 1998 – April 1999

Andrews High School	Guilford County
Avery County High School (2 teachers)	Avery County
Broughton High School	Wake County
Cape Fear High School	Cumberland County
Carver High School (2 teachers)	Forsyth County
Chapel Hill High School (2 teachers)	Chapel Hill-Carrboro
Chatham Central High School (2 teachers)	Chatham County
Cumberland County Pers\Dir.	Cumberland County
Douglas Byrd High School	Cumberland County
Duplin County High School	Duplin County
East Alamance High School	Alamance\Burl
East Forsyth High School (2 teachers)	Forsyth County
East Gaston High School	Gaston County
East Smith High School	Cumberland County
Enloe High School	Wake County
Gates County High School	Gates County
Northeast High School (2 teachers)	Guilford County
Hertford County High School	Hertford County
Hickory High School	Hickory City System
Jacksonville High School	Onslow County
McDowell High School	McDowell County
McMichael High School	Rockingham County
Morehead High School	Rockingham County
Mt. Pleasant High School	Cabarrus County
N.C. Public School Forum	Wake County
New Bern High School	Craven County
North Forsyth High School (2 teachers)	Forsyth County
North Iredell High School	Iredell County
North Mecklenburg High School	Charlotte-Mecklenburg
Northern Nash Middle School	Nash County- Rocky Mount
Northern Nash High School	Nash – Rocky Mount
Northwest Halifax High School	Halifax County
Parkland High School	Forsyth County
Perquimans County Middle School	Perquimans County
Pine Forest High School	Cumberland County
Purnell Swett High School	Robeson County
Red Springs High School	Robeson County
Richland High School	Onslow County
R.J. Reynolds High School	Forsyth County
Seventy First High School	Cumberland County
Southern Alamance High School	Alamance\Burlington

TEACHER CADET HIGH SCHOOL SITES

Teachers have been trained from these North Carolina sites: May 1999 – May 2000

Richmond High School	Richmond County
Westover High School	Cumberland County
Southwest High School	Guilford County
Washington High School	Beaufort County
South Iredell High School	Iredell County
Chase High School	Rutherford County
Northwest High School	Guilford County
Iredell County High School	Iredell County
Salisbury High School	Salisbury\Rowan Cnty.
Rutherford Central High School	Rutherford County
Southern Nash High School	Nash County
South Stanley High School	Stanley County
Parkland High School	Forsyth County
East Bladen High School	Bladen County
McMichael High School	Rockingham County
Northwest High School	Guilford County
Madison High School	Madison County
Eastern Randolph High School	Randolph County
Jacksonville High School	Onslow County
Northside High School	Beaufort County
Sellars-Gunn Voc. Ed. Center	Alamance\Burlington
Wayne County High School	Wayne County
Ledford Senior High School	Davidson County
West Stokes High School	Stokes County
Southern Vance High School	Vance County
East Guilford High School	Guilford County
Hendersonville High School	Henderson County
North Gaston High School	Gaston County
Dudley High School	Guilford County
East Rutherford High School	Rutherford County
Belfast Academy	Wayne County
West Davidson High School	Davidson County
Western Alamance High School	Alamance\Burlington
West Stokes High School	Stokes County
McDowell County High School	McDowell County

TEACHER CADET HIGH SCHOOL SITES

Additional sites trained 2000 – 2001

East Davidson High	Davidson County
Southern Vance High	Vance County
Kings Mountain High	Kings Mountain
South Brunswick High	Brunswick County
Reidsville High School	Rockingham County
Scotland High School	Scotland County
Harnett Central High	Harnett County
Southside High	Beaufort County
North Iredell High	Iredell\Statesville
E. A. Laney High	New Hanover
Whiteville High	Whiteville City
Surry Central High	Surry County
Andrews High	Guilford County
Smith High School	Guilford County
Jay Robinson High	Cabarrus County
J. A. Holmes High	Edenton\Chowan
Ashe High School	Ashe County
Polk County High	Polk County
White Oak High	Onslow County
West Iredell High	Iredell\Statesville
North Moore High	Moore County
Mt. Tabor High	Forsyth County
Southwest High	Onslow County
Hobbton High	Sampson County
Tuscola High	Haywood County
Enka High School	Buncombe County
Clayton High	Johnston County
Mr. Pleasant High	Cabarrus County
Person High	Person County
Clinton High School	Clinton
Rocky Mt. High	Rocky Mount
North Duplin High	Duplin County
W. Mecklenburg High	Char\Meck

TEACHER CADET HIGH SCHOOL

SITES

Additional sites trained 2001 – 2002

White Oak High	Onslow County
Shelby High	Shelby City
Butler High	Charlotte\Mecklenburg
West Bladen High	Bladen County
West Brunswick High	Brunswick County
Martin County High	Martin County
Parkwood High	Union County
Scotland High	Scotland County
Fuquay Varina High	Wake County
Rosman High	Transylvania County
South Mecklenburg High	Charlotte\Mecklenburg
North Lenoir High	Lenoir County
Anderson Creek	Harnett County
Ashbrook High	Gaston County
North Mecklenburg High	Mecklenburg
South Lenoir High	Lenoir County
Enloe High	Wake County
Northern Nash High	Nash County
Freedom High	Burke County
Swansboro High	Onslow County
South Lenoir High	Onslow County
East Mecklenburg High	Mecklenburg County
Central Cabarrus	Cabarrus County
Dudley High	Guilford County
Lexington High	Lexington City
South Granville High	Granville County
Northeast High	Guilford County
Smith High	Guilford County
Westover High	Cumberland County
Butler High	Mecklenburg
S. Mecklenburg High	Mecklenburg
Catawba County High	Catawba County

Jamesville High	Martin County
Hoke County High	Hoke County
Zebulon Vance High	Charlotte\Mecklenburg
East Forsyth High	Forsyth County
Northwest Cabarrus High	Cabarrus County
Scotland High	Scotland County
Charter High	Wake County
Kinston High	Lenoir County
S. Brunswick High	Brunswick County
Hertford High	Hertford County
Triton High	Harnett County
Trinity High	Randolph County
Reid Ross Classical	Cumberland County
Central Davidson	Davidson County
Massey Hill Classical	Cumberland County
Greene Central High	Greene County
South Stanly High	Stanly County
Smokey Mtn. High	Jackson County
Reidsville High	Rockingham County
Robbinsville High	Graham County
Ashe County High	Ashe County
Pine Forest High	Cumberland County
Parkwood High	Union County
Western Alamance	Al\ Burlington
Graham High	Al\Burlington
Purnell Swett High	Robeson County
Elkin High	Surry County
W. Brunswick High	Brunswick County
West Stokes High	Stokes County
North Stanly High	Stanly County
West Columbus High	Columbus County

TEACHER CADET HIGH SCHOOL

SITES

Additional sites trained 2002 – 2003

Graham High School	Alamance\Burlington
Southeast Raleigh High School	Wake County
Currituck County High School	Currituck County
Northwest High School	Guilford County
Smoky Mountain High School	Jackson County
Western Alamance High School	Alamance\Burlington
Newton Conover High School	Newton\Conover
Smithfield-Selma High School	Johnston County
McDowell High School	McDowell County
Eastern Randolph High School	Randolph County
Caswell County Schools	Caswell County
Swain County High School	Swain County
Lejune High School	Onslow County
Richlands High School	Richland County
Smith High School	Guilford County
Southern Guilford High School	Guilford County
Gaston County Schools (H.R.	Gaston County
Bertie High School	Bertie County
Warren County High School	Warren County
Lincolnton High School	Lincoln County
Hoke County High School	Hoke County
Rocky Mount Senior High	Nash\Rocky Mount
Caldwell High School	Caldwell County
Community Partner Charter	Wake County
North Central High	Nash\Rocky Mt.
Watauga High	Watauga County
West Henderson High	Henderson County
Crest High School	Cleveland County
Mooresville High School	Iredell County
Mattamuskeet High	Hyde County
Freedom High School	Burke County
Douglas Byrd High	Cumberland County
East Henderson High	Henderson County

Pamlico High School	Pamlico County
Glendale\Kenley Middle School	Johnston County
Lincolnton High	Lincoln County
Alexander County High	Alexander County
East Burke County High	Burke County
Jack Britt High School	Cumberland County
Forestview High School	Gaston County
Hendersonville High School	Henderson County
South Alamance High School	Alamance\Burlington
Alexander Central High School	Alexander County
Ashley High School	New Hanover County
Triton High School	Harnet County

VISITOR REGISTRATION SHEET

JOINT APPROP. SUBC ON EDUCATION — 3/17/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dave Bonner	Key Manuel
Linda Harrell	CISNC
M. K. Stephens	CISNC
Michael Houser	NCAE
Robert Clark	BBFS
Marcus Downs	NCAE
Barbara Wells	UTK
Hal Miller	NCACCT
Brian Lewis	Comm. w/ NC's Children

VISITOR REGISTRATION SHEET

JOINT APPROP. SUBC ON EDUCATION — 3.17.05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Stephanie Erba	Intern, State Board of Ed.
Wally Graves	NC Teaching Fellows Prog.
Allen Nance	Public School Forum
Judy Phillips	NC Partnership for Excellence
Mary Jo Allen	NC Partners for Excellence
P. Ellen	The Parker Co
Kelvin Spragley	NCAE
Larry Price	Wilson County
Hilary Arthur	NCASA
DAN WASCHER	ALL KINDS OF MINDS, CHAPEL HILL.
Elizabeth Greenwood	OSBM

VISITOR REGISTRATION SHEET

JOINT APPROP. SUBC ON EDUCATION — 3.17.05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	SBE/DPI
[illegible]	Bell's office
[illegible]	NCASA
Mary Dean Barringer	All Kinds of Minds - 1450 Raleigh Rd Ct

House Pages

Joint Approp Subc on Education

Name Of Committee: _____ Date: 3-17-05

1. Name: Beth Cottle
   County: Duplin
   Sponsor: Thomas Wright
2. Name: Tarrah Mitchell
   County: Wilson
   Sponsor: Farmer - Butterfield
3. Name: Rebecca Ladd
   County: Wilson
   Sponsor: Farmer - Butterfield
4. Name: Claire Polk
   County: Nash
   Sponsor: Swindell
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: Charles Williams House Sgt @ Arms
2. Name: Brad Barefoot House Sgt @ Arms
3. Name: Stan Johnson Senate Sgt @ Arms
4. Name: Wade Anders Senate Sgt @ Arms
5. Name: _____

MINUTES

JOINT APPROPRIATIONS/Subcommittee on Education

March 23, 2005 @ 8:30 am

The Joint APPROPRIATIONS Subcommittee on Education met on Wednesday, March 23, 2005 at 8:30 a.m. in Room 421 of the Legislative Office Building. Chairman Tolson presided and opened the meeting with the recognition of House Pages and staff assigned to the committee. A Visitor Registration Sheet is attached as a part of the record of the Minutes.

Members present were: Representative(s) Jeffus, Chair and Yongue, Chair; Senator(s) Lucas, Chair and Swindell; Chair; Representative(s) Bell, Cleveland, Fisher, Hilton, Justice, Parmon, Pate, Sauls and Senator(s) Garwood, Atwater. Hartsell and Stevens.

Chairman Tolson announced that the Subcommittee continues its review and examination of the Community Colleges' Budget. There was a brief reminder that agencies (including public schools, universities, and community colleges) have been asked to submit recommendations for where their budgets might be cut.

Kristine Leggett of the Fiscal Research Division of the NC General Assembly was recognized for a power point presentation (ATTACHMENT) on the Introduction, Enrollment, Formula and Categoricals of the NC Community College System. Throughout the presentation, members were recognized for their comments, and for those of Mr. Kennon Briggs, Vice President for Business & Finance of the NC Community College System.

Following the presentation and committee discussion, Chairman Tolson adjourned the meeting at 9:50 a.m. with the announcement that the Subcommittee would continue meeting at 2:00 p.m. at the same location.

REPRESENTATIVE JOE P. TOLSON
Presiding Chair

JACQUELYN A. HAMBY
Acting Committee Assistant

North Carolina Community College System
Overview and Enrollment



Kristine Leggett
Fiscal Research Division
NC General Assembly
March 22, 2005

Schedule for Community Colleges

Wednesday, March 23 8:30

Introduction, Enrollment, Formula, and Categoricals

Wednesday, March 24 2:00

Presentations from the System Office on the System Office Budget and the College Information System (CIS)

Thursday, March 25 8:30

Continuation of Categoricals

Tuesday, March 29 8:30

Faculty Salaries, Tuition, and Financial Aid



Community Colleges
Quick Facts

- 58 community colleges and the Center for Applied Textile Technology
  - 19 Multi-Campuses
  - 63 Off-Campus Centers
- 5,830 Full-Time Faculty; 14,911 Part-time
- 779,229 Students (Headcount)
- 188,642 Full-Time Equivalent (FTE) Students

Governance

State

20 member State Board of Community Colleges has statewide responsibility for policy and rule making for the system.

Local

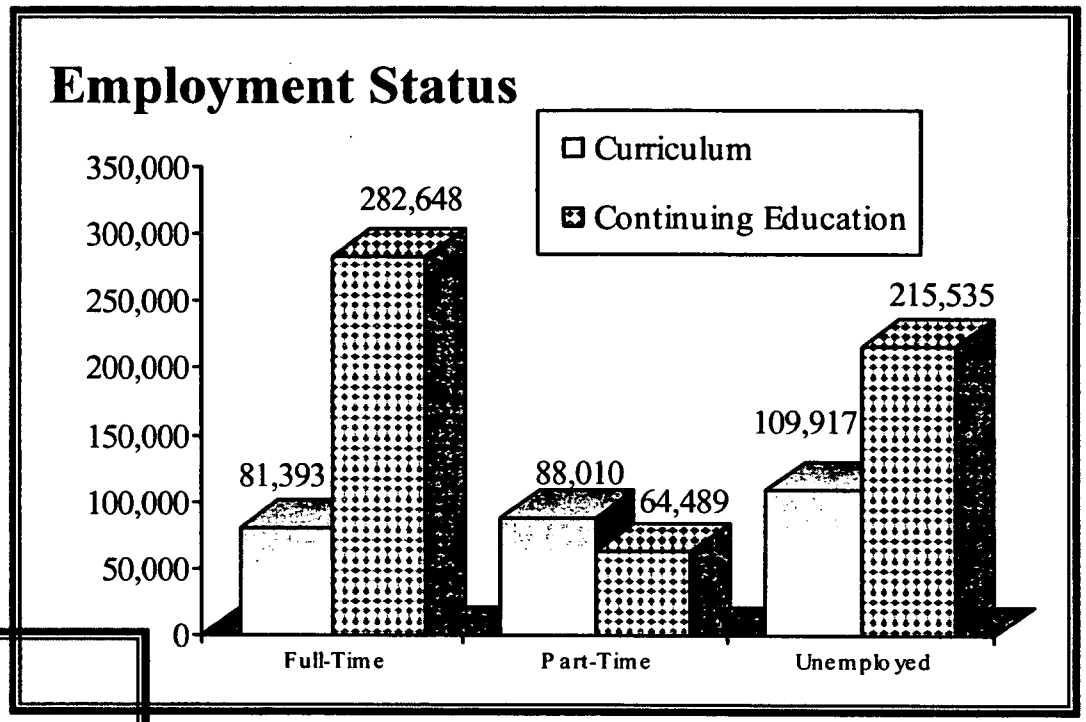
Each college has a 12 member Local Board of Trustees appointed equally from the county commissioners, local school board and the Governor. In addition, each has a non-voting student government representative.

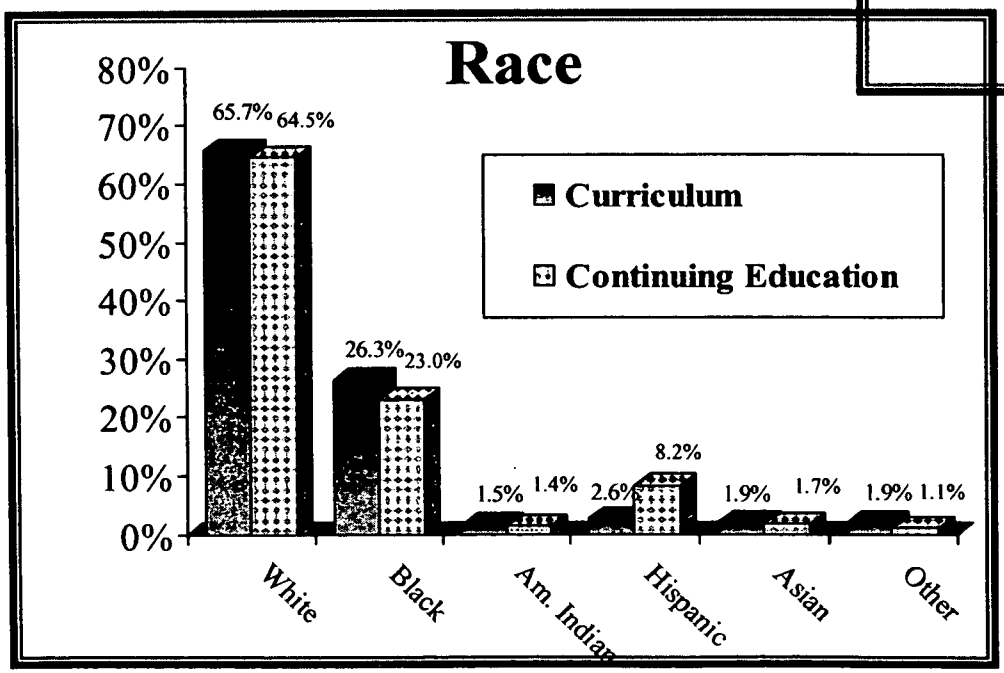
Who Goes to the Community Colleges?

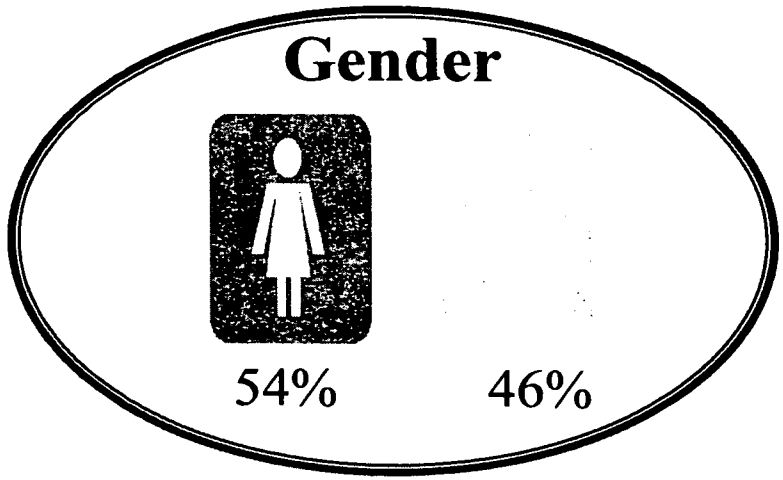
Average Age

Curriculum: 29.6

Con Ed: 36.3







Frequently Used Terms

FTE – Full Time Equivalent Student

One FTE = 16 credit hours X 2 Semesters (Fall and Spring)

So, 1 FTE could be 1 student  taking a full load, *or*

1 FTE could be 3 students  taking one class each.

Headcount – the total number of students who take classes, regardless of how many classes they take.

The current ratio of Headcount to FTE for curriculum & con ed is:

1 FTE  = 4.04 headcount 

Funding

G.S. 115D-31

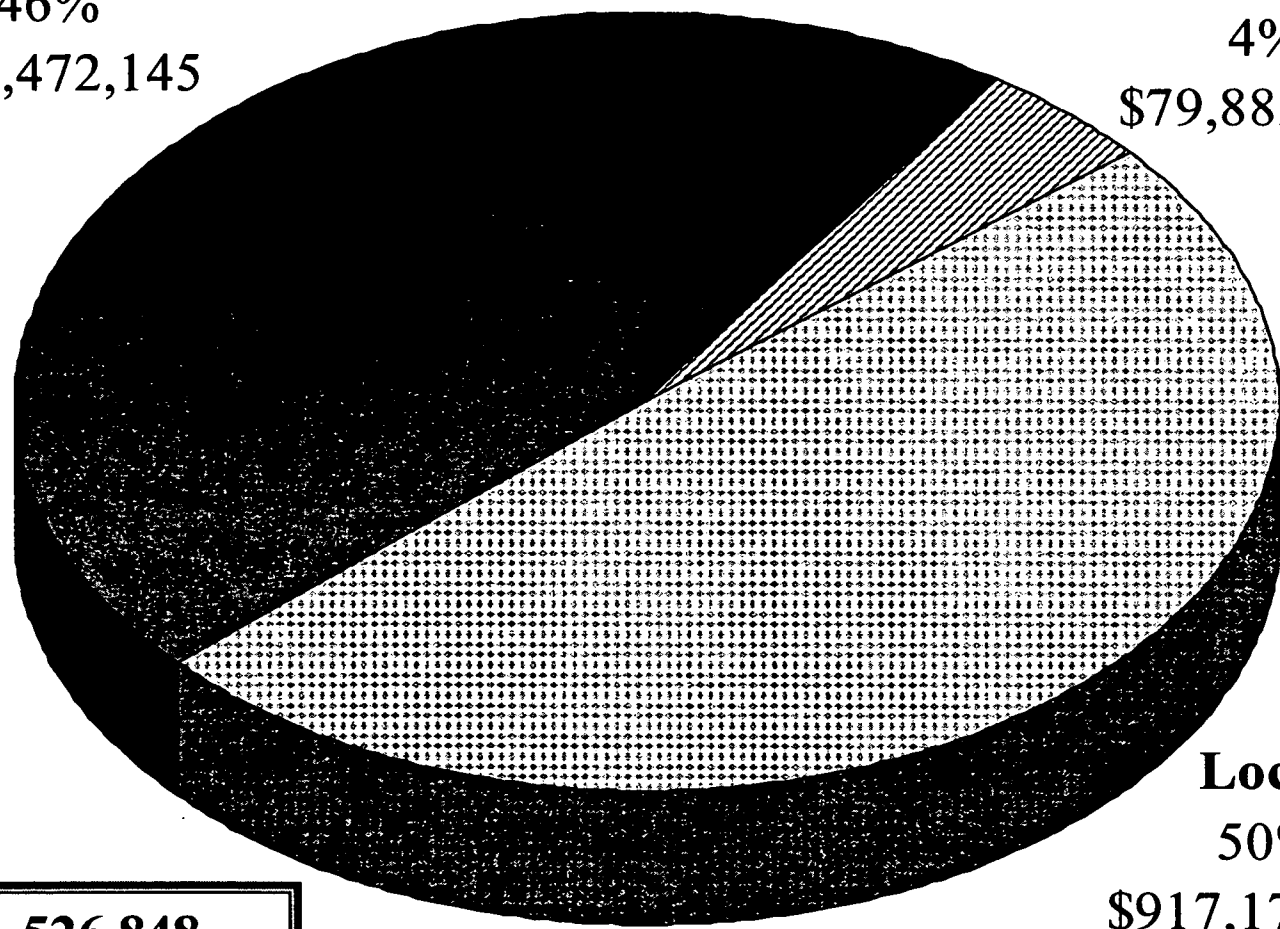
State	Local
• Operating costs for instruction, administration and support services	• Operation and maintenance of plant

Capital construction is the legal responsibility of the county. However, to the extent that the state allocates money for capital, it must be matched dollar for dollar.

Capital Funding Since 1963

State
46%
$854,472,145

Federal
4%
$79,882,589

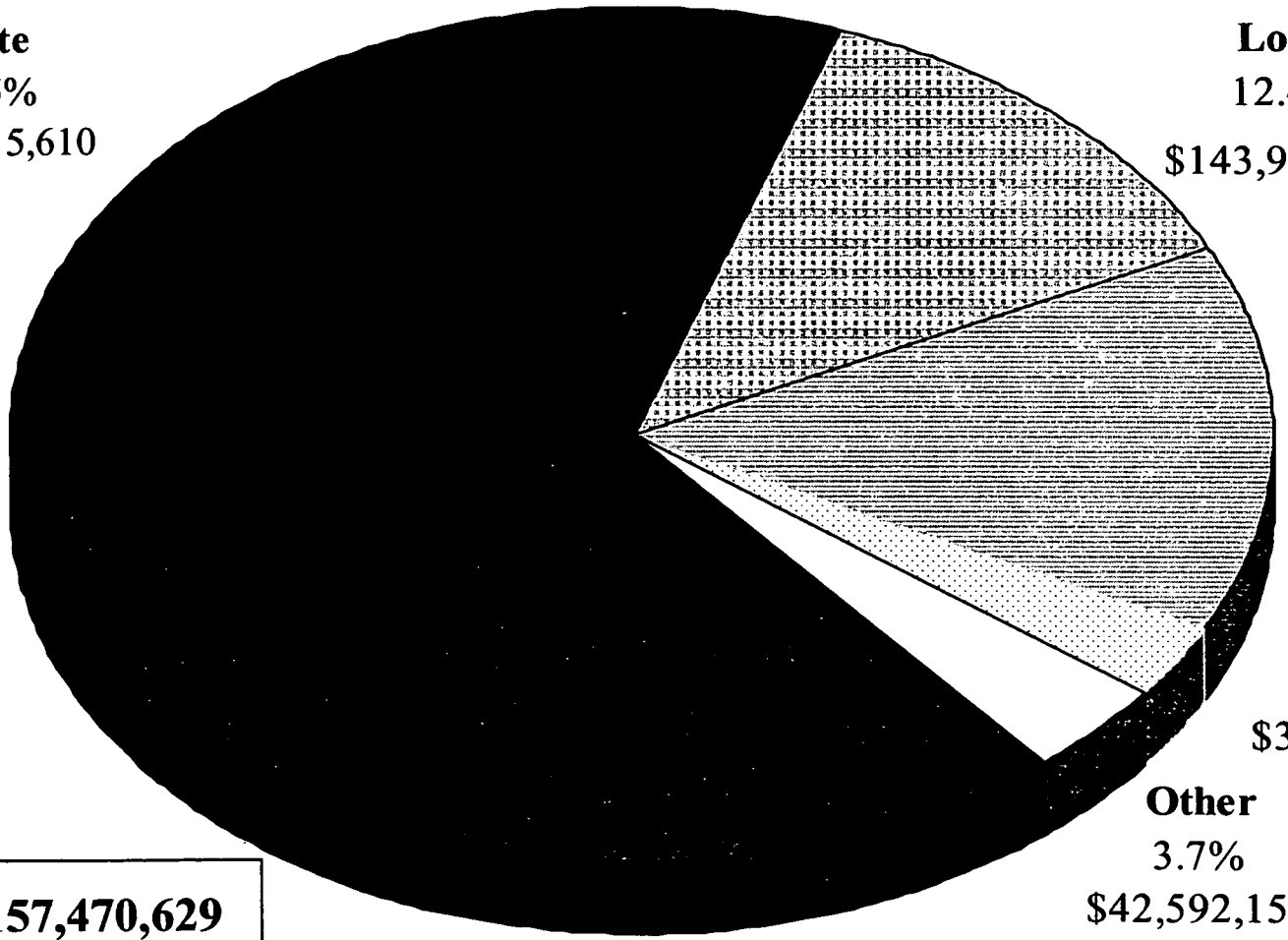


Local
50%
$917,172,114

Total: $1,851,526,848

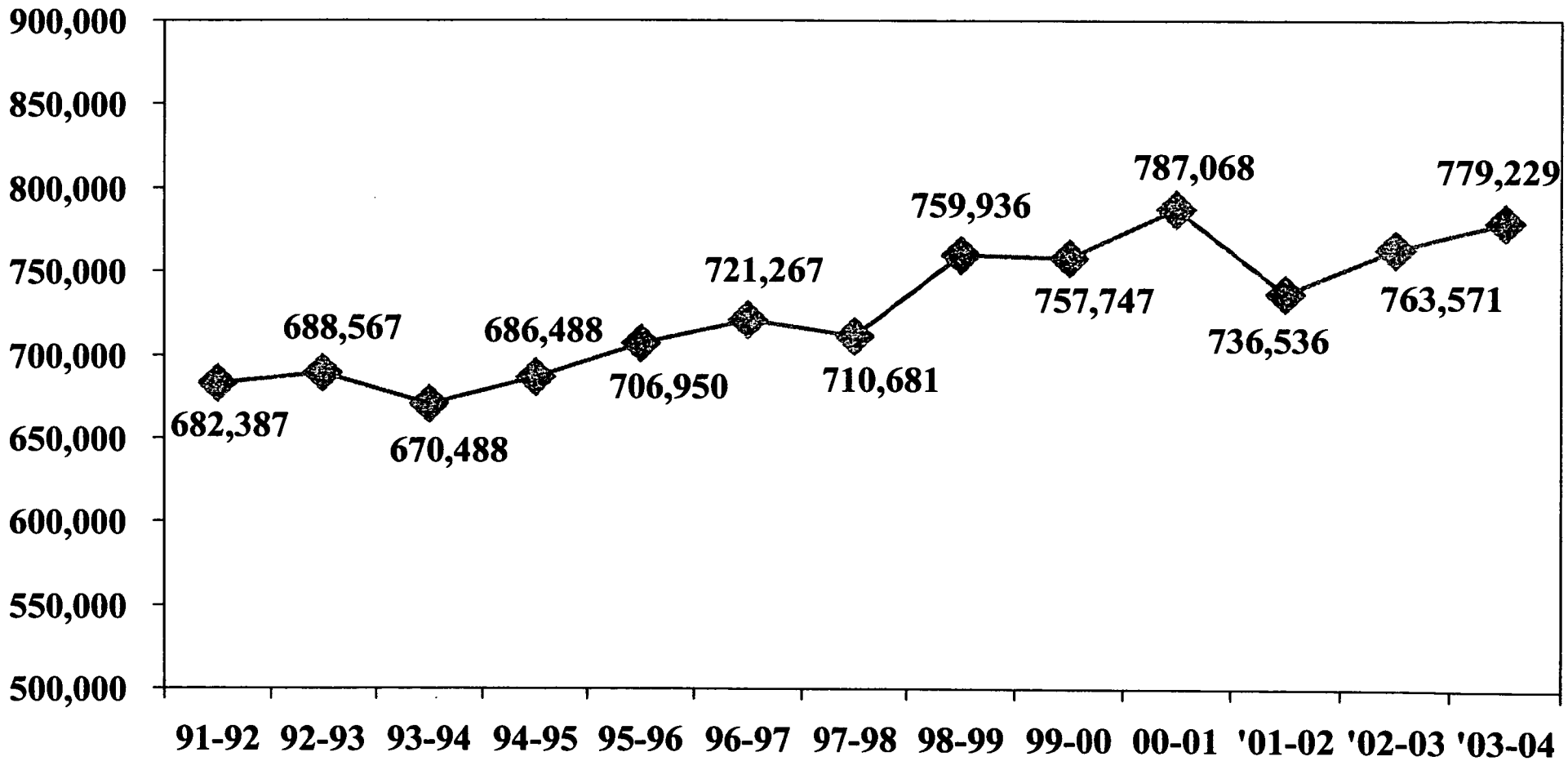
Sources of Funding

FY 2004-2005

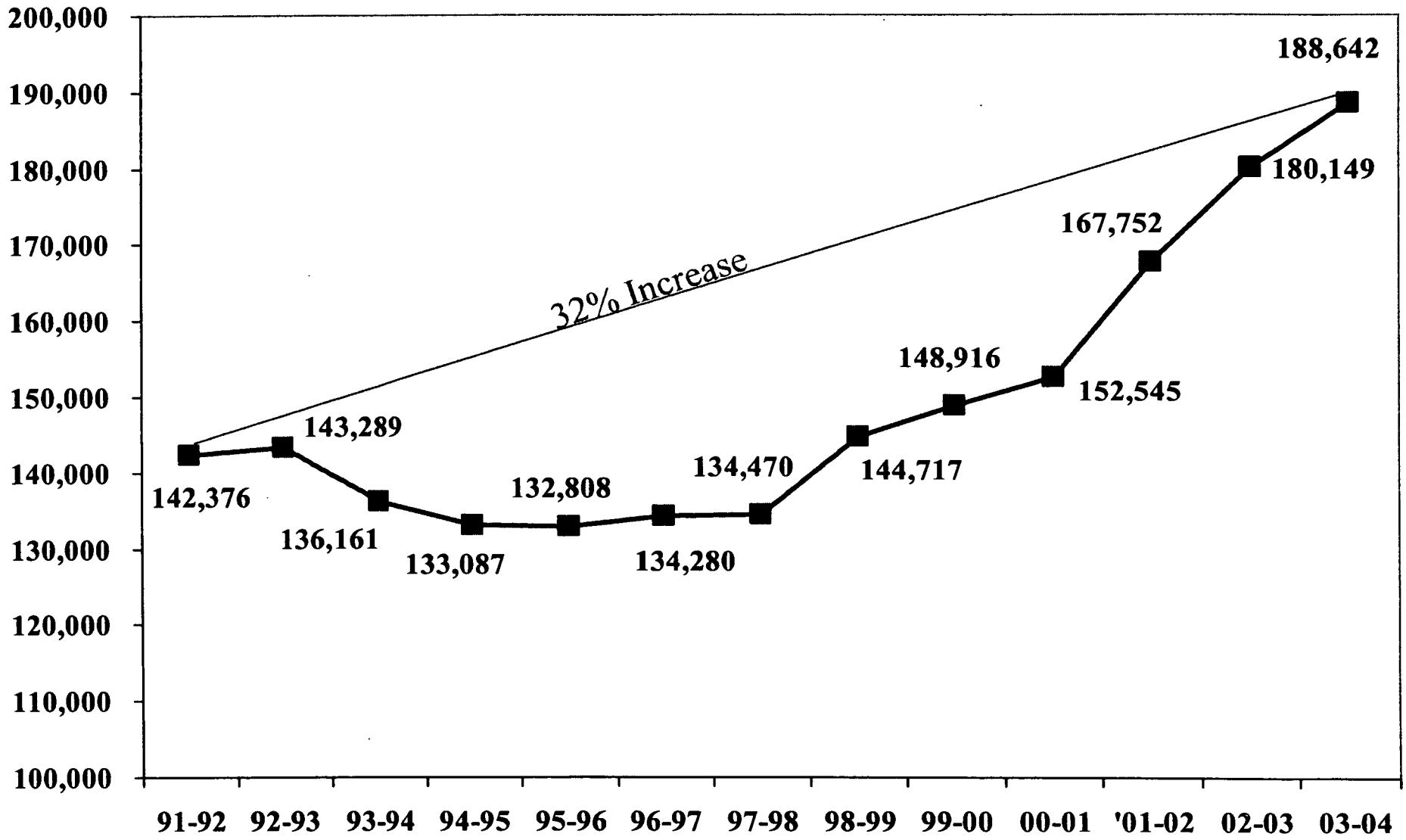


Total: $1,157,470,629

Unduplicated Headcount
Since 1991

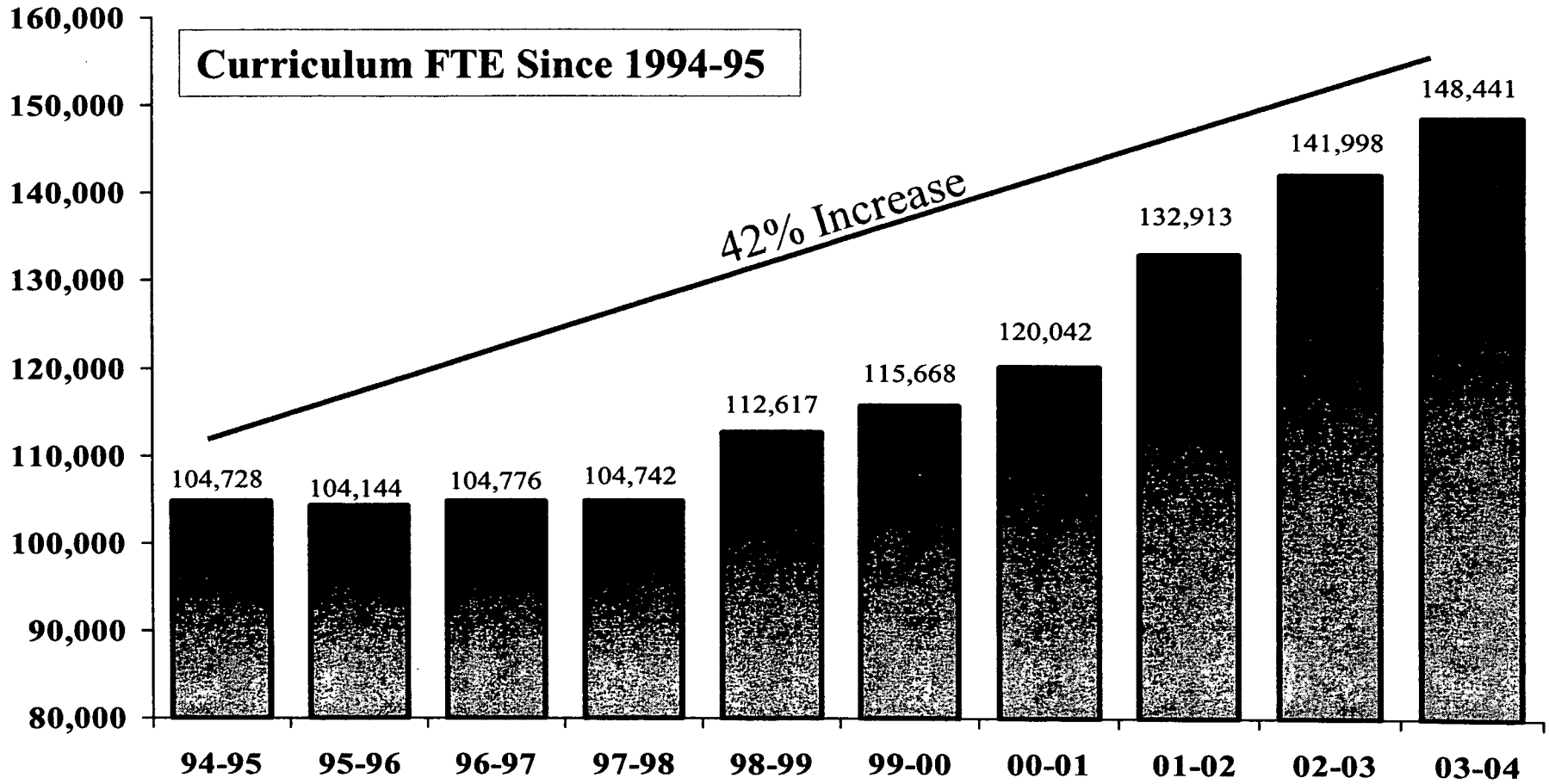


Actual FTE Since 1991



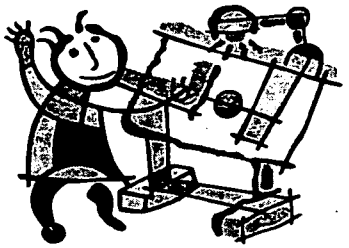
Curriculum Programs

- Lead to certificates, diplomas, or associate degrees
- Range from one semester to two years



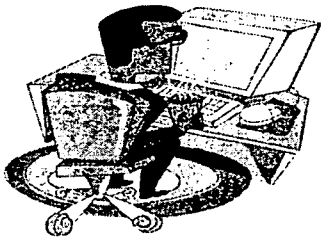
Examples of Curriculum Programs

Associate: Art Education, Marine Technology, Surveying Tech



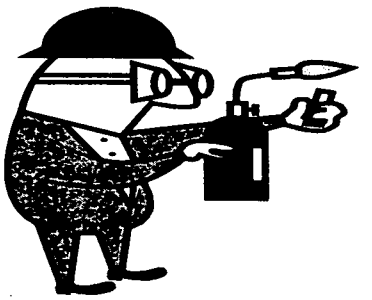


Certificate: Computer Programming, Carpentry



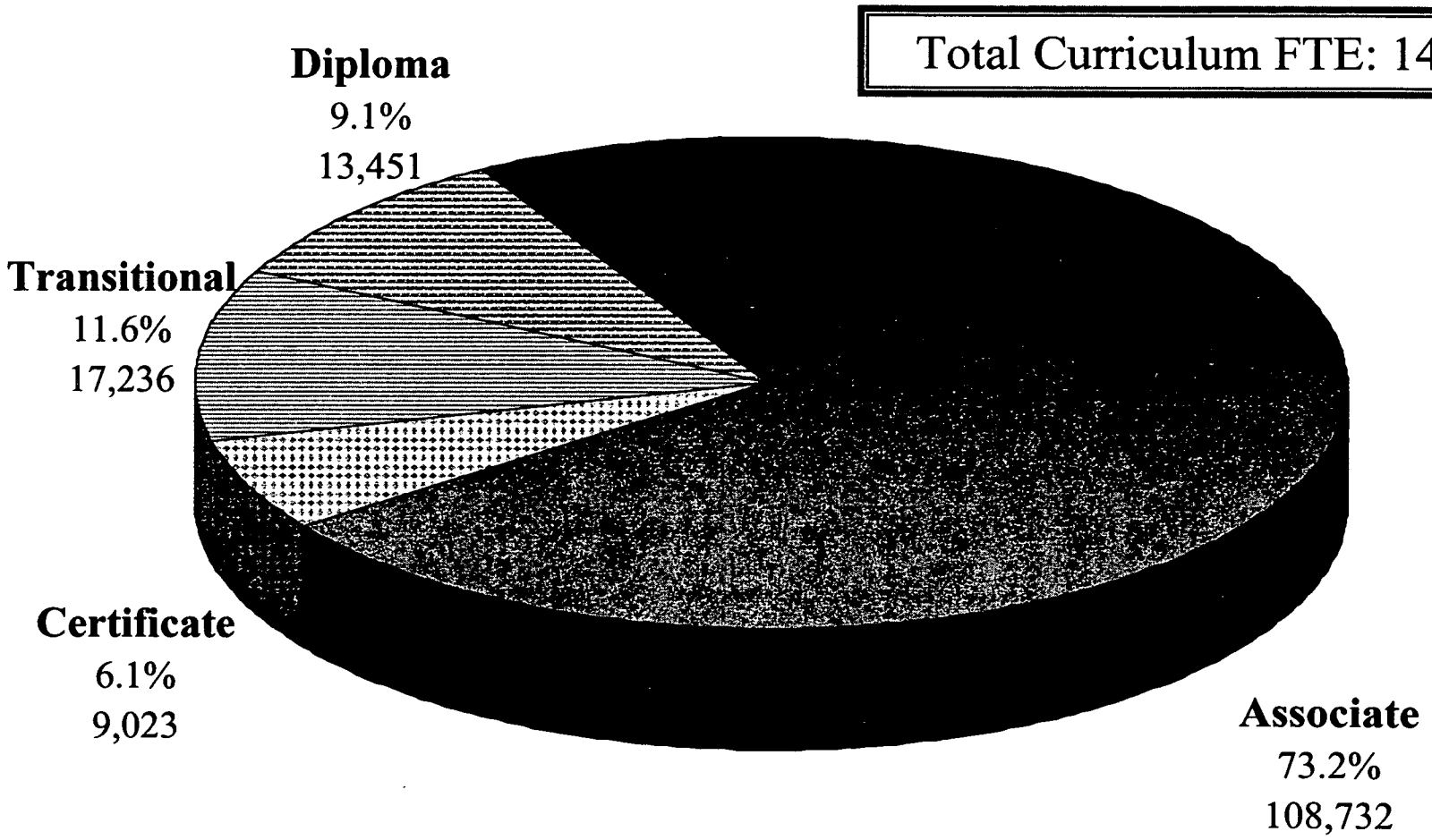

Diploma: Agribusiness, Practical Nursing, Welding Technology





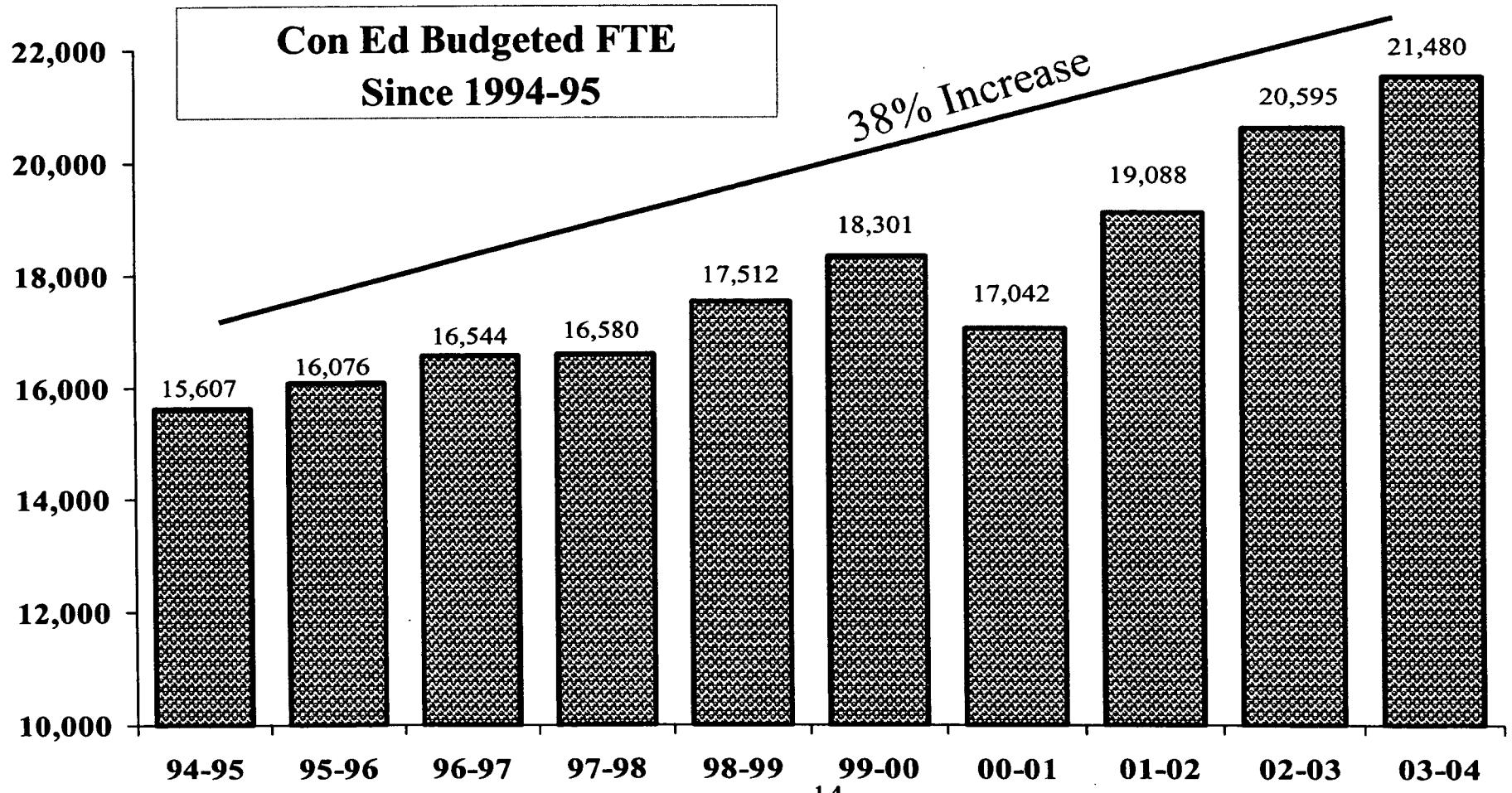
Curriculum FTE Enrollment by Program
FY 03-04

Total Curriculum FTE: 148,442



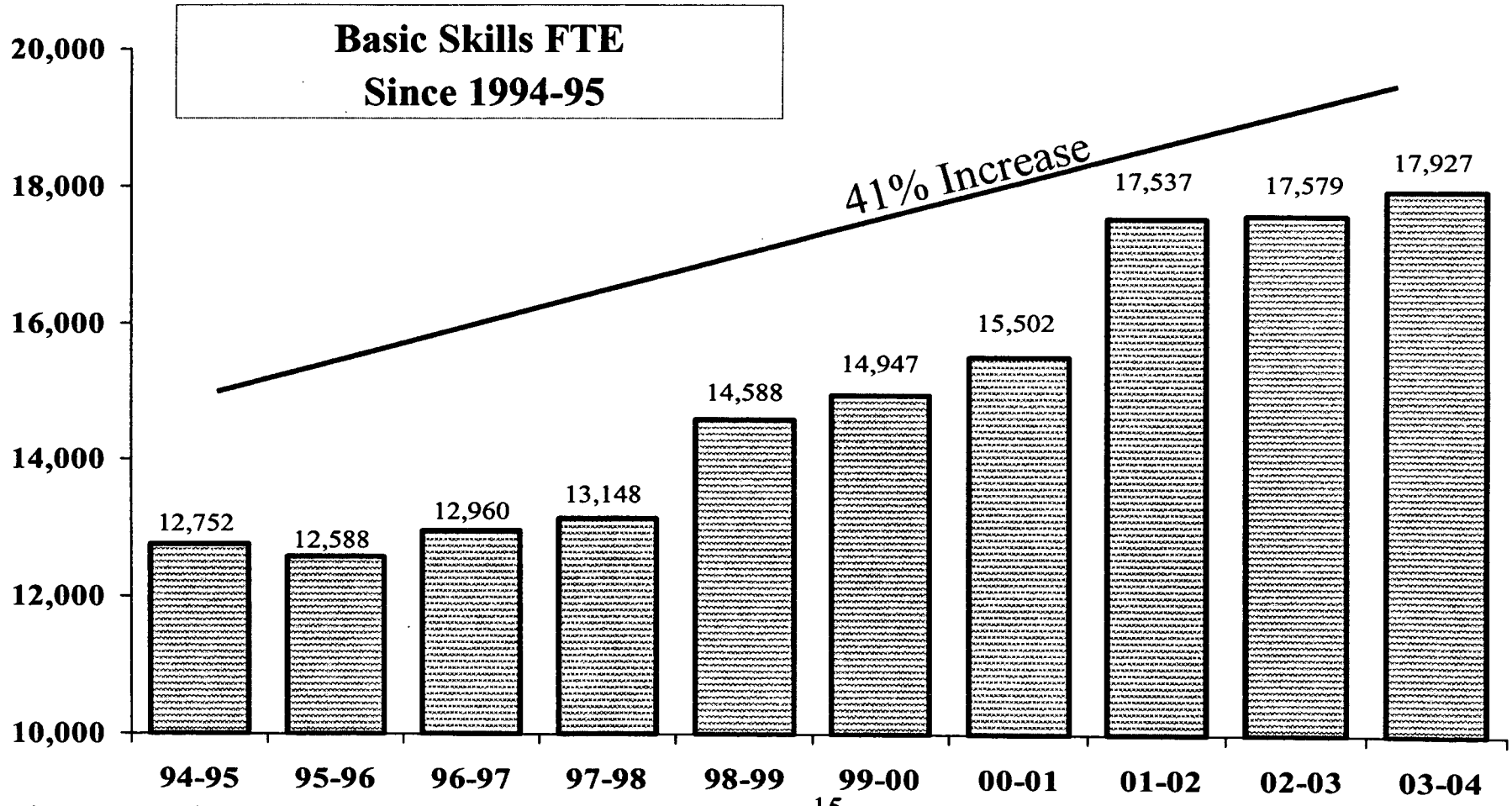
Continuing Education Programs

Non-credit courses that train individuals for new employment opportunities; to upgrade skills; or, to provide training necessary to meet certification, re-certification or continuing education requirements.

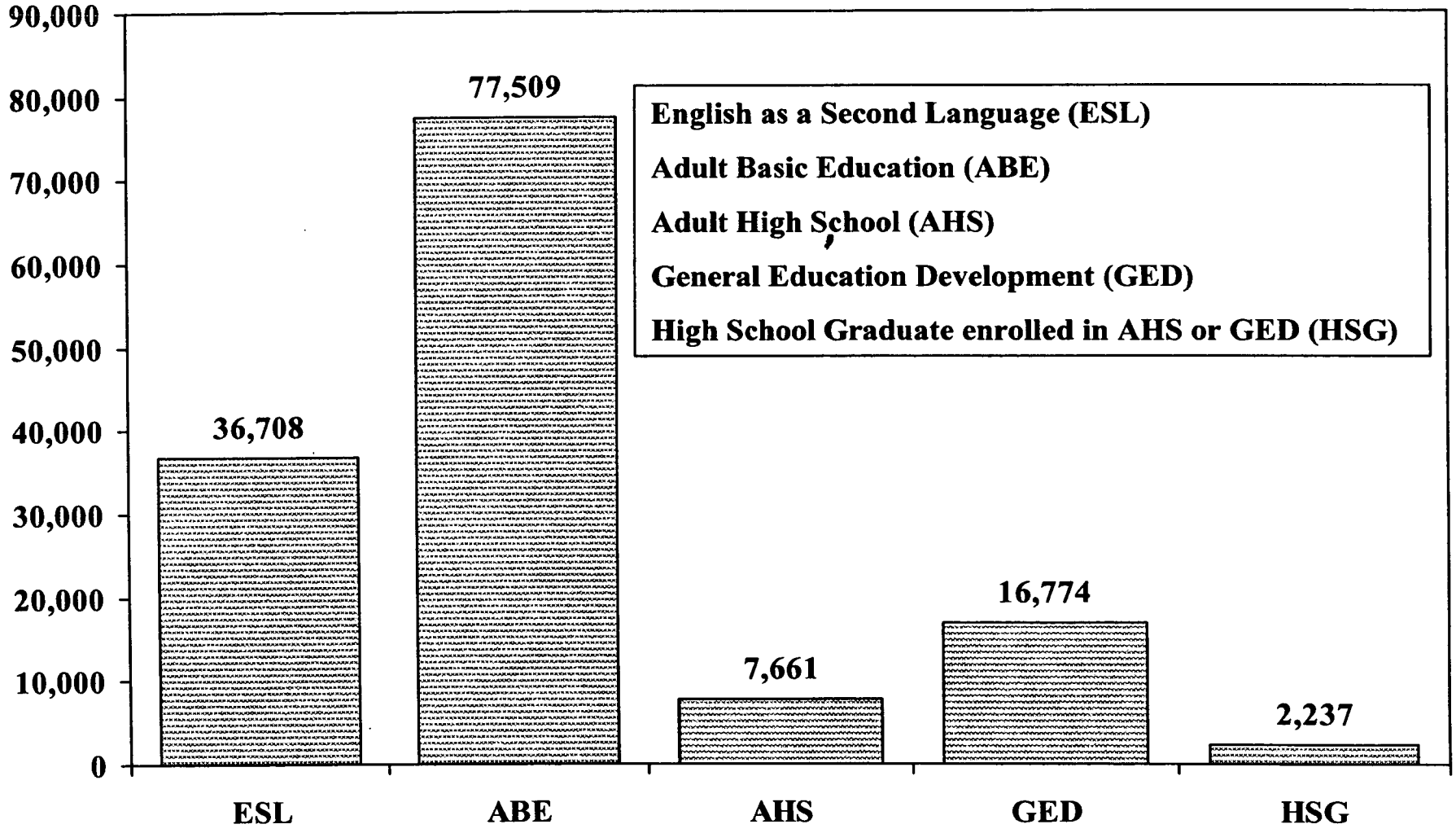


Basic Skills Programs

Courses that provide basic academic skills to adults who did not complete high school or who need refresher courses before beginning college classes. Also includes English as a Second Language, GED preparation, and Compensatory Education.



Basic Skills Headcount by Program
FY 03-04



How Funding is Allotted

- Funds are allotted on a full-time equivalent (FTE) basis.
- Community college enrollment funding is based on the prior year's enrollment numbers.
- A college's budgeted FTE is determined by calculating the higher of the prior year or the average of the three previous years' enrollment.

Example College FTE

	FY 02-03	FY 03-04	FY04-05	Average
Curriculum	1,552	1,444	**1,500**	1,499
Con Ed	625	600	575	**600**
Basic Skills	100	107	**115**	107

Example College's Budgeted FTE:

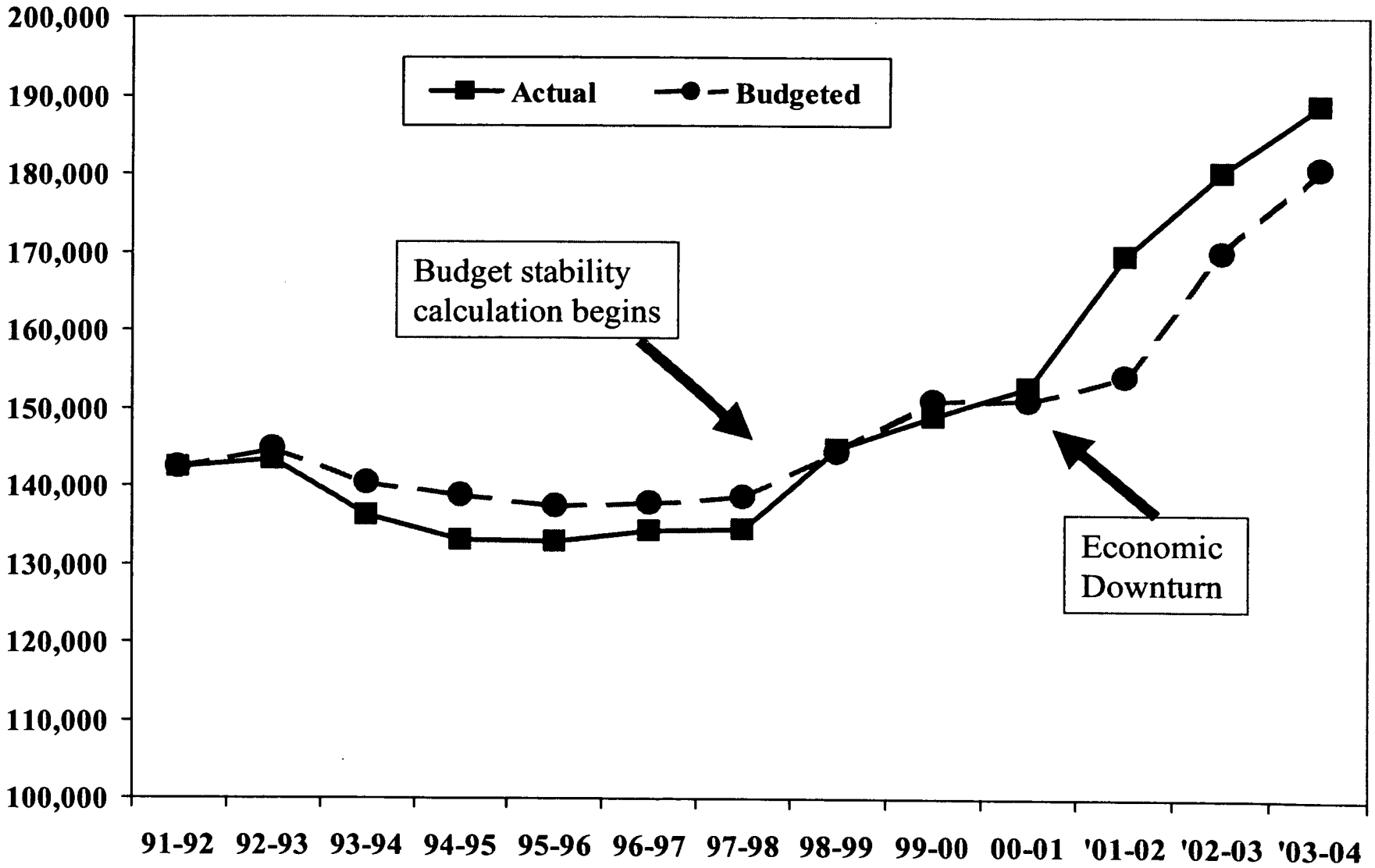
Curriculum: **1,500 FTE**

Con Ed: **600 FTE**

Basic Skills: **115 FTE**

Total: **2,215 FTE**

Actual FTE v. Budgeted FTE



8:30 am

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 3-23-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ann McArthur	Governor's Office
Hilary Arthur	NCASA
K. Cross	OSBM
Tracy O'Quinn	OSBM
Mari Fitz-Wynn	NCHE
Anne Bander	OSBM
Elizabeth Groomes	OSBM
Bryan J. Conrad	OSBM
[illegible]	SBE / DPI
[illegible]	ACPS
Katherine Joyce	NCASA

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 3-23-2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Blackburn	NC Association of County Commissioners
Mark Fleming	University
Molly Ryan	NCSBA
[illegible]	The Media Co
[illegible]	NCICU
Gene Causby	NCCFSA
[illegible]	Public School Forum

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 3/23/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kevin Bryce	NCCCS
Richard Sullivan	NCCCS
Bill Rabon	NCCCS
Hal Miller	NCACCT
Jodi Maynard	CMC
Greg Matt	RT
Michael Horner	NCAE
Angela Dunston	NC Justice Center

House Pages

Name Of Committee: _____ Date: 3-23-05

1. Name: Karly Rivenbark
   County: Duplin
   Sponsor: Charlie Albertson
2. Name: Danielle Robinson
   County: Duplin
   Sponsor: Charlie Albertson
3. Name: Eric Spitler
   County: Wake
   Sponsor: Hunt
4. Name: Elliott Tomlinson
   County: Franklin
   Sponsor: Horton
5. Name: Sarah Stroud
   County: Wake
   Sponsor: Eddins

6. Jennifer Fuller
   Wake
   Grier Martin
7. Hallie Huse
   Wayne

Staff:
Stan Johnson
Wade Anders
Charles Williams

Sgt-At-Arms

1. Name: Stan Johnson - Senate
2. Name: Wade Anders - Senate
3. Name: Charles Williams - House
4. Name: _____
5. Name: _____

Joint Appropriations Subcommittee on Education
Agenda
Wednesday, March 23, 2005, 2:00 P.M.
Room 421, Legislative Office Building
Representative Tolson, Presiding

I. Welcome

II. The NCCCS College Information System Project

Saundra Williams, Vice President of Administration, NCCCS

III. Committee Questions

IV. The NCCCS System Office Budget

Kennon Briggs, Vice President of Business & Finance, NCCCS

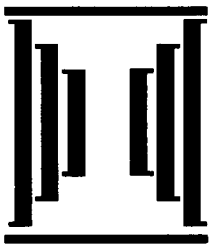
V. Committee Questions

VIII. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM



College Information System (CIS) Project Implementation and Budget Status

Report to
Joint Legislative Education Appropriations Subcommittee

H. Martin Lancaster
President

Dr. Saundra W. Williams
Vice President for Administration

Kennon D. Briggs
Vice President for Business and Finance

March 23, 2005

North Carolina Community College System
College Information System (CIS) Project

BACKGROUND AND HISTORY

- Section 9.9 of Session Law 1999-237 directed the State Board of Community Colleges to implement a comprehensive management information system for the 58 community colleges, and provided $8 million in the first year and $15 million per year thereafter in recurring, non-reverting funds. (1998)

- The Appropriation recognized full scope and time line for full implementation could not be determined at that time, as this type of "standardization" project had never been undertaken in higher education anywhere in the country.

- The original contract Award in 2000 was for $42 million over five years.

- The Contract was awarded to Affiliated Computer Services (ACS) for Datatel's Colleague integrated software plus enhancements and implementation services at 58 colleges and the System Office.

WHAT THE CIS SYSTEM INCLUDES

Datatel Colleague Modules (Base System):

- Financial: Approximately 20% of the system and consists of budgeting, accounting, purchasing and accounts payable, finance reporting.
- Human Resources: Approximately 20% of the system and consists of personnel, benefits, payroll, reporting.
- Student: Approximately 60% of the system and consists of admissions, financial aid, registration, grading, graduation, reporting.

System Enhancements (Requirements specifically for North Carolina Community Colleges)

- State and Federal Legislative and Regulatory Mandates
- Literacy/Adult Education
- Course and Program Standards, Program Design and Approval, Combined Course Library and Program Auditing
- Small Business Center
- New and Expanding Industry Training
- Human Resource Development
- Developmental Education reporting
- Fire Certification
- Regional Calendar (Continuing Education)
- E-Procurement
- College Equipment Inventory, Facilities, Parking, Safety and Career Planning and Placement

CIS IMPLEMENTATION CHALLENGES AND SOLUTIONS

1. **Implementation Challenge: Training**
   - Scope (several thousand staff at 58 colleges and System Office)
   - Complexity (multiple modules, new functionality)
   - New Processes (never used by Community Colleges before)

   Solution: College Training Centers
   - Two Applications Training Centers (Wayne Community College and Central Piedmont Community College
   - One Technical Training Center (Guilford Technical Community College)

2. **Implementation Challenge: Time to Implement (based on college business cycles)**
   - Financial System in July for Annual Financial Statement and Financial Audit
   - Human Resources System in January for employee tax statements
   - Student System in summer for fall term for Federal financial aid regulations and reporting

   Solution: Contract Extension
   - Complete Implementation of CIS at 58 Colleges and System Office by 2007
   - Vendor (ACS and Datatel) Services:
     - Training and Implementation Support for Student System
     - Software Support
     - Knowledge Transfer to NCCCS Staff
     - Cost $30.4 million over 3 years (with a $3.9 million credit for AR/CR)

FOUR PHASES OF IMPLEMENTATION

Phase 1 Colleges	Phase 2A Colleges	Phase 2B Colleges	Phase 2C Colleges
Pitt CC	Cape Fear CC	Beaufort CC	Coastal Carolina CC
Wayne CC	Carteret CC	Edgecombe CC	Craven CC
	College of Albemarle	Lenoir CC	Halifax CC
	Wilson TCC	Nash CC	Martin CC
			Roanoke-Chowan CC
Guilford TCC	Fayetteville TCC	Brunswick CC	Bladen CC
South Piedmont CC	Randolph CC	James Sprunt CC	Pamlico CC
	Robeson CC	Johnston CC	Southeastern CC
	Rockingham CC	Sampson CC	Vance-Granville CC
		Wake TCC	
Catawba Valley CC	Davidson Co. CC	Piedmont CC	Alamance CC
Central Piedmont CC	Rowan-Cabarrus CC	Richmond CC	Central Carolina CC
		Sandhills CC	Durham TCC
		Stanly CC	Montgomery CC
			Surry CC
Caldwell CC & TI	Asheville-Buncombe	Forsyth TCC	Cleveland CC
Mayland CC	Blue Ridge CC	Gaston College	McDowell CC
	Mitchell CC	Haywood CC	Southwestern CC
	Western Piedmont CC	Isothermal CC	Tri-County CC
		Wilkes CC	

Project Status Executive Summary

1. **Phase 1**
   - Phase 1 colleges have completed the implementation of the finance, human resource and student modules of the system.

2. **Phase 2A**
   - The Phase 2A colleges have completed the implementation of the finance and human resource modules of the system.
   - Training and mock simulations for the student system will continue through March 2005.
   - Approval for Phase 2A "go live" of the student system has been approved by the project Steering Committee.
   - Data conversions began in November 2004.
   - "Go live" for admissions and financial aid occurring January through April 2005.
   - "Go live" for student registration will occur in July for the fall 2005 term.

3. **Phase 2B**
   - The Phase 2B colleges have completed the implementation of the finance and human resource modules.
   - Training for the student module began in March 2005.
   - "Go live" for admissions and financial aid will occur January through March 2006.
   - "Go live" for student registration in July 2006 for the fall term.

4. **Phase 2C**
   - The Phase 2C colleges have completed the implementation of the finance and human resource modules.
   - Training for the student module began in March 2006.
   - "Go live" for admissions and financial aid will occur January through March 2007.
   - "Go live" for student registration in July 2007 for the fall term.

PROJECT COST INFORMATION:
ENDING February 28, 2005

Project Costs	Original Budget	Approved Changes (+/-)	Revised Budget	February Actual	February Planned	Actual to Date	Planned to Date	Planned to Date Variance
CIS Project Costs								
Development, Implementation and Training	$50,060,876	$33,556,135	$83,617,011	$560,786	$640,639	$62,346,569	$62,935,730	-$589,160
Maintenance / Support	$13,773,426	$6,993,492	$20,766,917	$303,134	*N/A	$5,855,233	*N/A	*N/A
Project Total Costs	**$63,834,302**	**$40,549,627**	**$104,383,928**	**$863,920**	**N/A**	**$68,201,802**	**N/A**	**N/A**

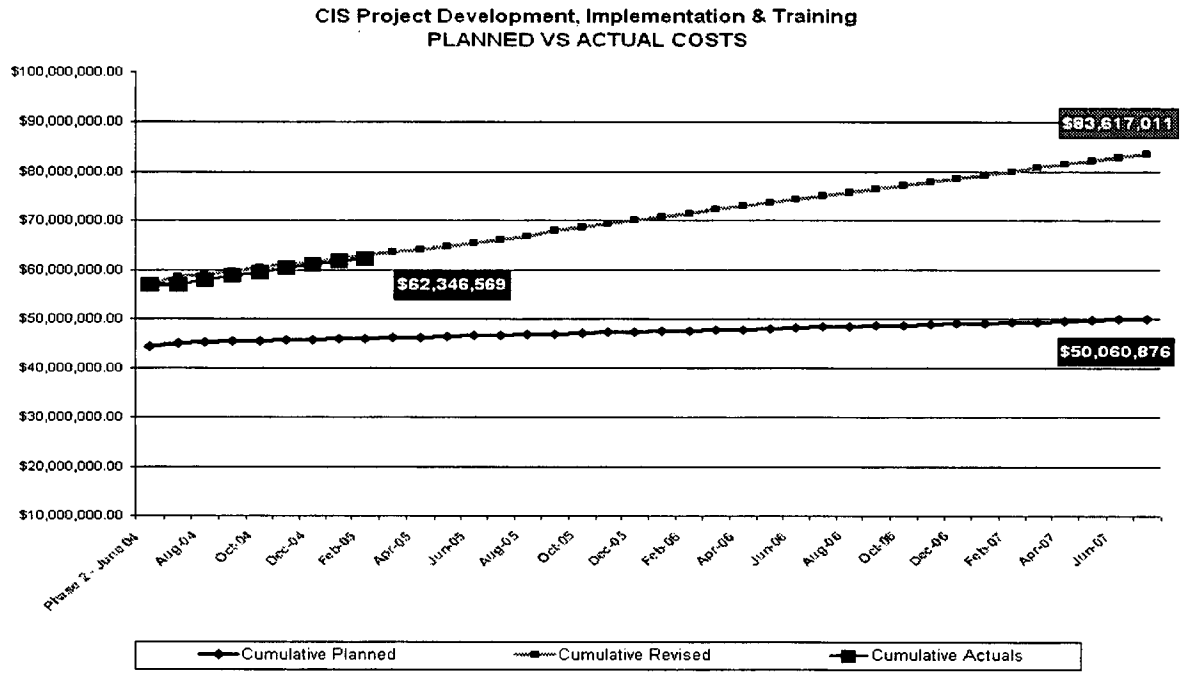
** Negative variance indicates actual expenditure is less than the Planned (Revised) Budget. A positive variance indicates actual expenditure is greater than the Planned (Revised) Budget.*

***Please refer to the table below for a detailed breakdown of the CIS Project's Costs*

****The CIS Project cost tracking is focused primarily on the 1st row in the table above for Development, Implementation, and Training. As shown these costs are currently below the projects planned budget to date by $589,160.*

PLANNED AND ACTUAL
PROJECT IMPLEMENTATION AND TRAINING COSTS:

(The graph reflects the development, implementation, and training costs given in the above table)



PROJECT CONTRACT COSTS

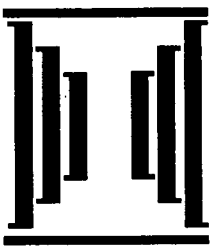
The primary costs associated with the CIS Project are for the Contract Agreement between NCCCS and Affiliated Computer Services (ACS). To fully implement the CIS System at all 58 Community Colleges, this contract was extended three years to June 30, 2007. Below is a table of the ACS original contract costs and approved changes. A detailed document of all the contract changes by category has been provided with this report as a separate document, titled "ACS Approved Contract Change Requests."

ACS Contract	Original Contract Costs	Contract Change Costs	
Customization & Enhancements	$ 4,644,730.00	$ 4,722,749.00	
Pilot Implementation	$ 11,763,733.00	$ 3,372,100.00	
General Implementation Initial Contract	$ 12,934,428.00	$ 5,744,657.00	
Contract Extension Implementation	$ -	$ 19,716,629.11	
Contract Extension Maintenance	$ -	$ 6,783,372.89	
Implementation Services Subtotal	***$ 29,342,891.00***	***$ 40,339,508.00***	***$ 69,682,399.00***
Software Licenses Colleague	$ 9,143,519.00	$ -	
Software Licenses Third-Party	$ 1,864,020.00	$ -	
Software Maintenance Support	$ 2,103,588.00	$ 210,118.67	
Software / Software Maint. Subtotal	***$ 13,111,127.00***	***$ 210,118.67***	***$ 13,321,245.67***
Total Contract Costs	**$42,454,018.00**	**$40,549,626.67**	**$83,003,644.67**

*Note $5000 was added in February 2005 to contract change cost for the Course Override change analysis.

	Information Systems for the Future Budget Summary			
CIS		2004-2005	2005-2006	2006-2007
	ACS Contract Cost	$ 9,283,333	$ 8,833,333	$ 8,833,333
	CIS Software Maintenance	1,993,316	2,674,352	2,798,612
	Hardware Maintenance	53,580	53,580	53,580
	CTC	730,373	803,726	883,751
	CIS Mgmt Personnel Cost	218,788	218,788	218,788
	CIS Mgmt Contractors	541,500	587,150	637,365
	CIS Mgmt Travel/Supplies	15,253	15,253	15,253
	Build Team Travel	65,000	65,000	65,000
	IS Personnel Cost	1,095,212	1,095,212	1,095,212
	IS Travel/Supplies	32,302	32,302	32,302
	IS Server Cost	133,000	119,000	119,000
	Contracted Tech Svc	318,428	330,389	75,889
	SO Educational Cost	364,000	16,000	16,000
	Total	$ 14,844,085	$ 14,844,085	$ 14,844,085
Data Warehouse				
	DW Software Maintenance	$ 133,877	$ 133,877	$ 133,877
	Hardware Maintenance	12,181	12,181	12,181
	ITS Bill	10,392	10,392	10,392
	Other Inform Tech Svc	10,000	10,000	10,000
	Total	$ 166,450	$ 166,450	$ 166,450
		==========	==========	==========
	Total Annual Cost	$ 15,010,535	$ 15,010,535	$ 15,010,535
Reconciliation of the 2004-05 Available CIS Budget				
2004-05 Certified Budget				$ 15,000,000
BD 606 #11-104 Approved 9-30-04 for Legislative Increases				14,370
BD 606 #11-105 Pending Approval for the Retirement Adjustment				83
BD 606 #11-121 Approved 1021-04 for Sales Tax Reduction				(3,918)
	Total			$ 15,010,535

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM



Presentation to the Joint Education Appropriation Subcommittee

H. Martin Lancaster, President
Kennon D. Briggs, Vice President, Business and Finance

March 23, 2005

THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

JOINT APPROPRIATIONS SUB-COMMITTEE

"TARGETED ZERO-BASED BUDGETING APPROACH"

Pursuant to instructions given by the Co-Chairs of the Senate and House Education Appropriations Sub-Committee (March 15, 2005), and in cooperation with the Fiscal Research Division of the General Assembly, the Community College System Office respectfully submits its explanation and justification for the operating budget thereof.

The Division of Business and Finance was directed by Fiscal Research Division staff to focus the explanation and justification on the following items:

2. Direct appropriations and grants to non-profit organizations

4. Miscellaneous contractual services (object 532199)

5. Rental/Lease of equipment (objects 532521 & 532525)

6. Travel and other employee expenses (object 5327xx)

7. Cellular phone services (object 532814)

8. Furniture and equipment replacement schedules (object 534500 to 534550)

13. Special Fund Cash Balances (26000 Budget Code)

14. Positions Vacant Six Months or More As of January 1, 2005

The following assumptions were used in presenting the explanation and justification:

a. All System Office information was based upon the "Authorized Budget" as of December 31, 2004.

b. There are two (2) System wide, **legislatively-directed functions** that are housed within the System Office budget:
   1. The "College Information System" - $15,000,000 per fiscal year
   2. The "Community College Grant/Financial Aid Program - $10,981,202

c. There are two (2) System wide **legislatively-directed reserves** that are housed within the System Office budget:

1. Equipment Reserve - $1,327,740
2. Enrollment Reserve - $3,000,000

d. The effect of these four (4) functions and reserves overstate the operating budget of the System Office. The functions are college-based information technology activities and financial aid, and the reserves are distributed throughout the System.

e. A separate accountability report will be made for The "College Information System" - $15,000,000, as agreed with legislative staff.

DEPARTMENT/ DIVISIONAL MISSION STATEMENTS

DEPARTMENT/DIVISIONAL MISSION STATEMENTS

The mission of the North Carolina Community College System is to open the door to high-quality, accessible educational opportunity that minimize barriers to post-secondary education, maximize student success, and improve the lives and well-being of individuals.

- Education, training and retraining for the workforce, including basic skills and literacy education, occupational and pre-baccalaureate programs.
- Support for economic development through services to business and industry.
- Services to communities and individuals that improve the quality of life.

The Executive Division supports all operational activities within the community college system. The division implements the goals and objectives of the State Board of Community Colleges, provides leadership to the community colleges and System Office, and serves as a convener and catalyst for collaboration and cooperation with public, private and business groups. The Executive Division facilitates communication and serves as a conduit on system operations, governmental, regulatory and legal matters.

- Inform the public and government about the community college system.
- Inform community colleges and trustees about state and federal government trends.
- Provide leadership to special project/programs.
- Serve as the liaison to the State Board and other state education associations.
- Interpret federal and state regulations for community colleges.
- Oversee the System Office and local college operations.

The Division of Administration provides leadership and support to the 58 institutions in the North Carolina Community College System through policy development, planning and accountability, information and reporting systems, and technical assistance. The Division supports the staff of the System Office through information technology, planning and research, and the dissemination of reports. The Division engages in planning, research, program auditing, staff training, library systems technology, learning technologies, and the implementation of a comprehensive information system. A commitment to college services and the use of information in improving accountability practices and programs unifies work units with diverse functions.

- Oversee information services and technology support.
- Strategic planning, research, and evaluation.
- Coordinate and disseminate state-level data reporting.
- Audit community college programs.
- Oversee distance learning technologies.
- Coordinate use of North Carolina Information Highway.
- Technical support of library services.

The Division of Business and Finance supports the efforts of the colleges and the System Office by procuring and providing an equitable distribution of resources, by assisting them in the management of these resources, and in assuring the citizens of the State of North Carolina that community colleges are good stewards of public resources.

- Procure and allocate financial resources.
- Assist with financial activities.
- Assist with college equipment, facilities, and other resources.

The Division of Academic and Student Services coordinates programmatic and student development issues throughout the Community College System. Staff within the Division monitor and approve curriculum program offerings, oversee student financial aid and support services, provide for the licensing of proprietary schools, administer the basic skills program, oversee vocational education and Tech Prep, and manage the Literacy Resource Center. Colleges are heavily dependent upon the Division for leadership, problem resolution, and training related to the execution of the academic and support activities on the college campuses.

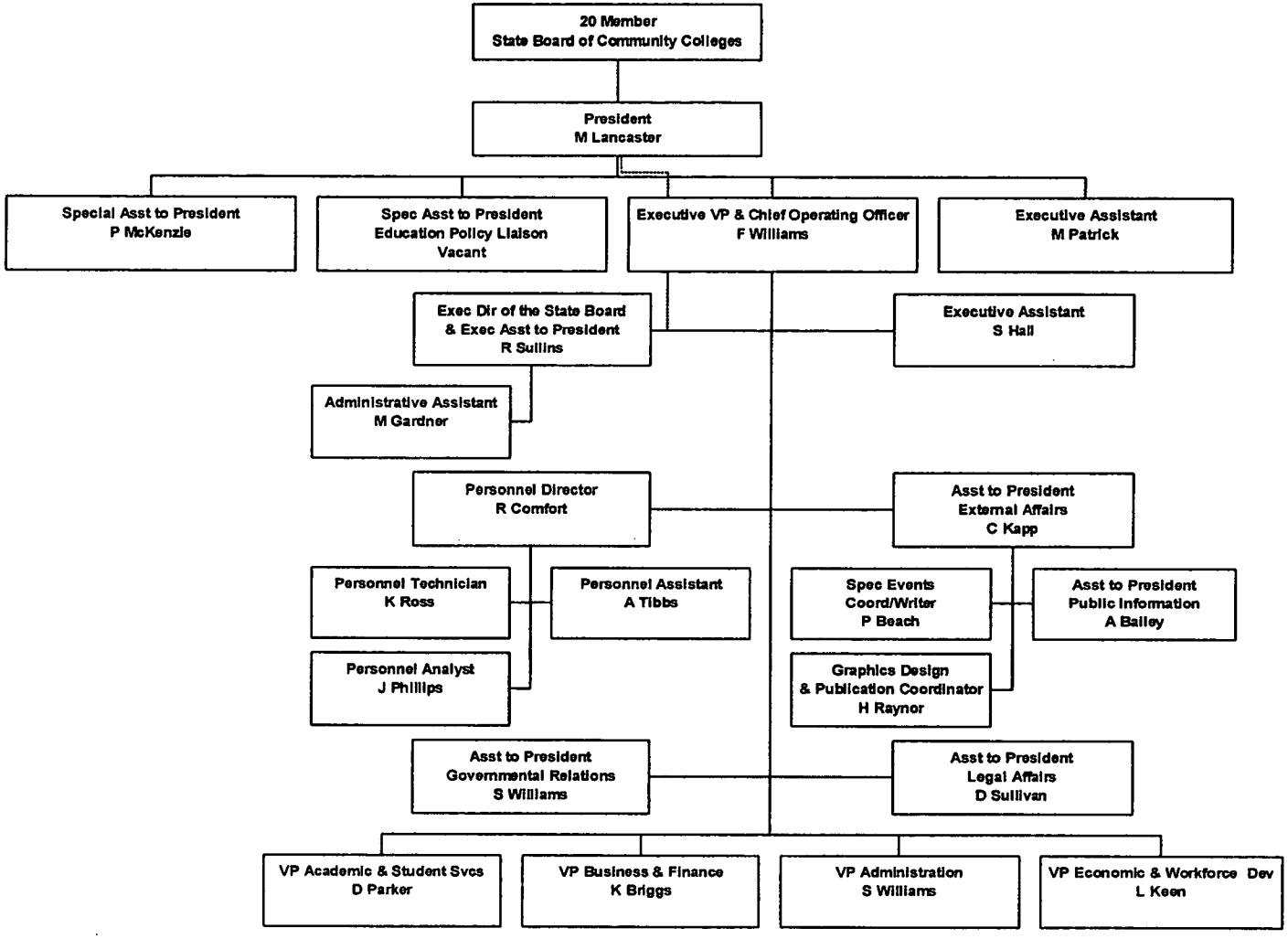
- Oversee curriculum programs.
- Recruitment, retention, and professional development support.

The Economic and Workforce Development Division provides support of the Community College System to provide the services that ensure the expansion, creation and retention of jobs for North Carolina's economy by ensuring accessible high quality training and services that yields a world-class workforce for world-class business in North Carolina.

- Stimulate and support customized training solutions.
- Support regional customized workforce development.
- Support innovative and flexible program solutions to economic development.
- Support workforce training and retraining.
- Support entrepreneurial training and small business growth and development.

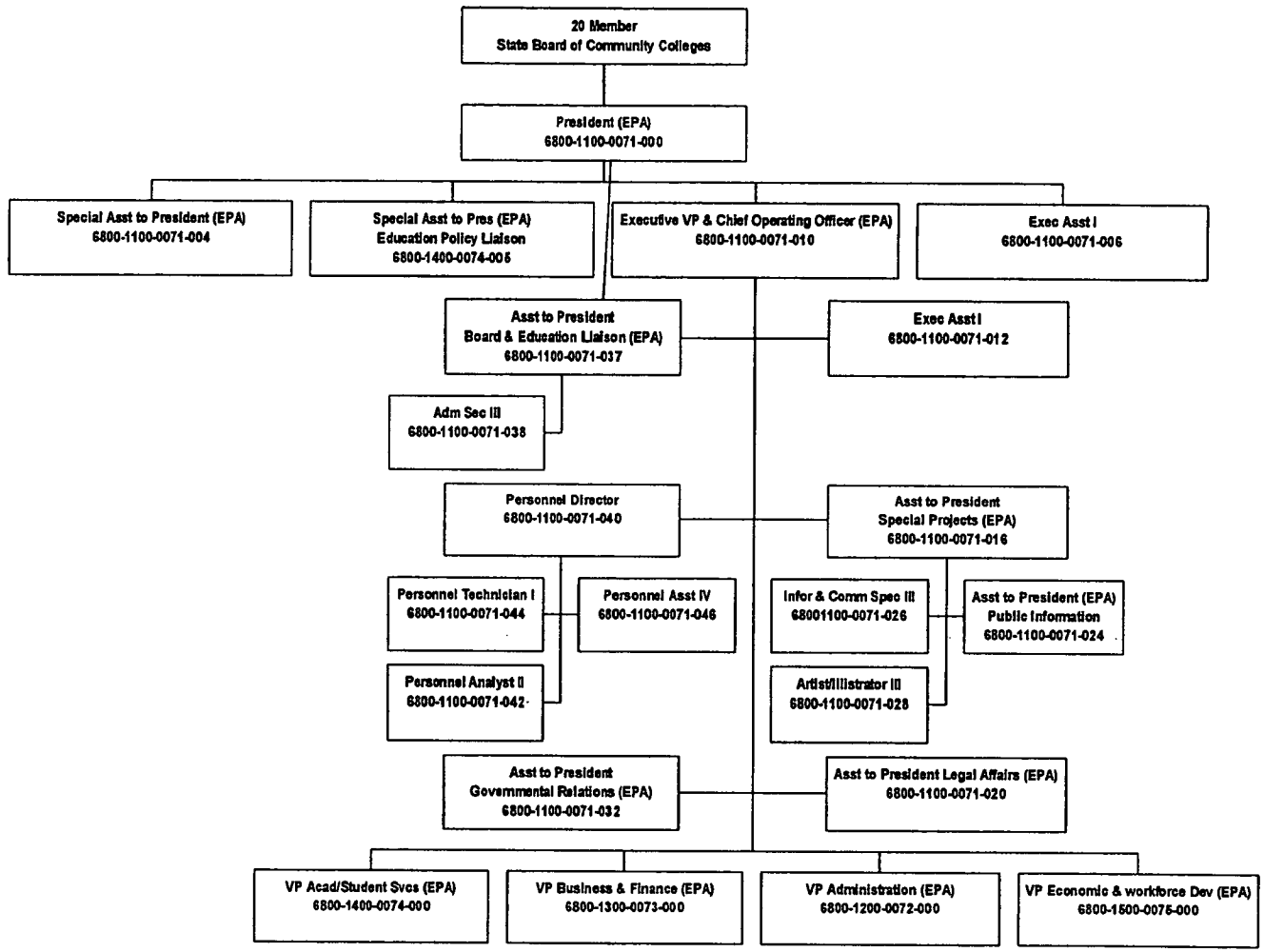
SYSTEM OFFICE ORGANIZATIONAL CHARTS AS OF MARCH 2005

OFFICE OF THE PRESIDENT



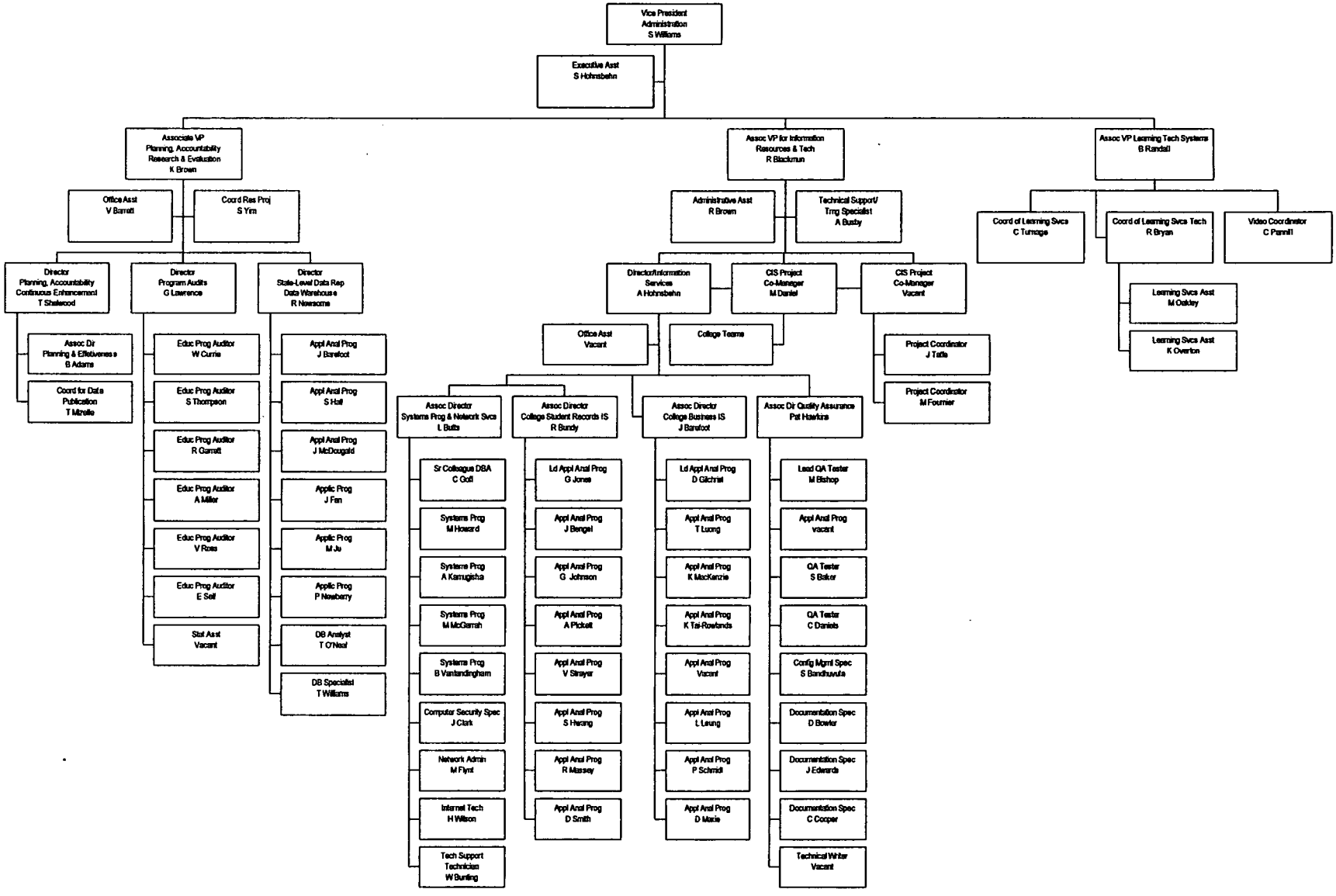
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OFFICE OF THE PRESIDENT



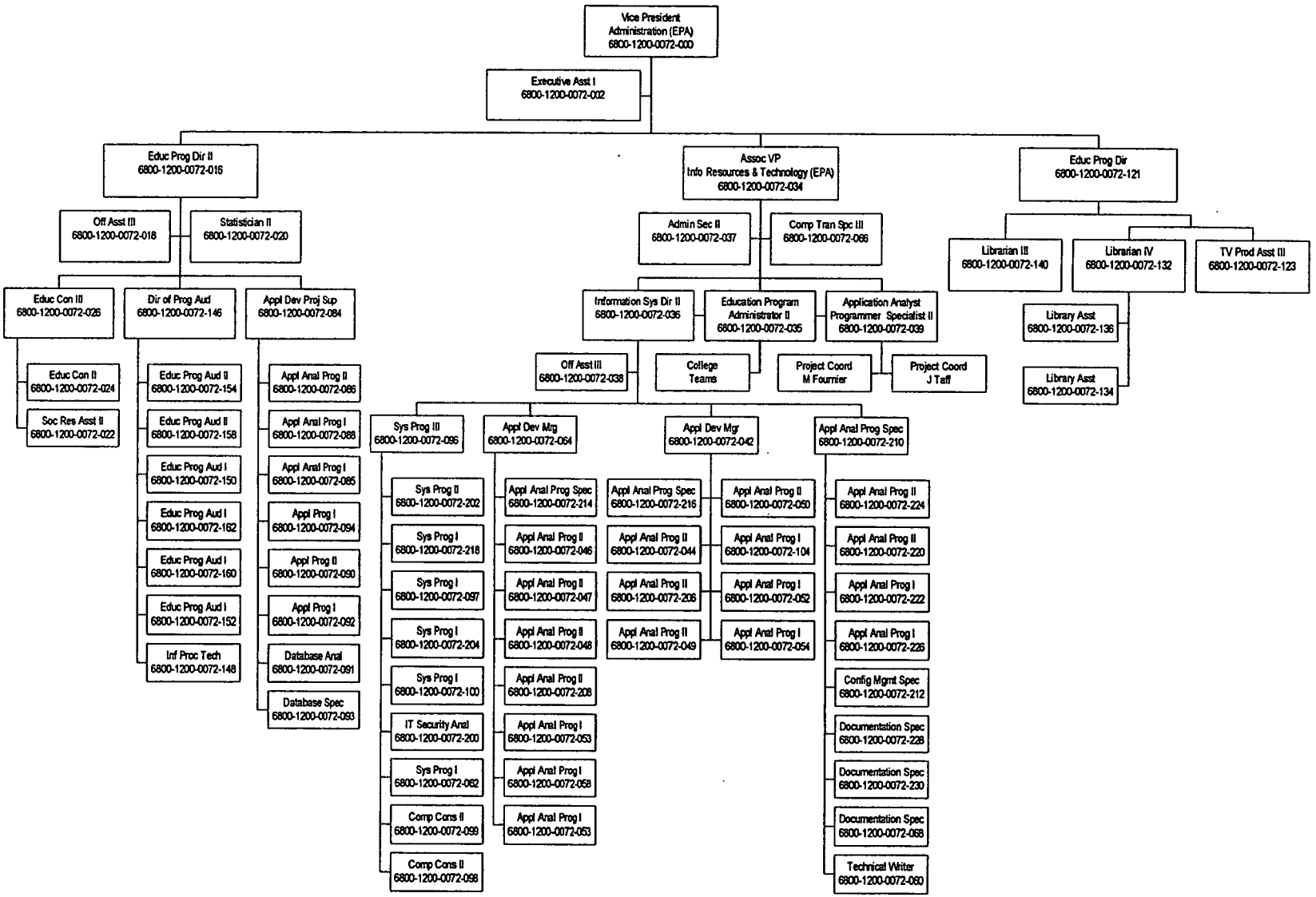
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Administration Division



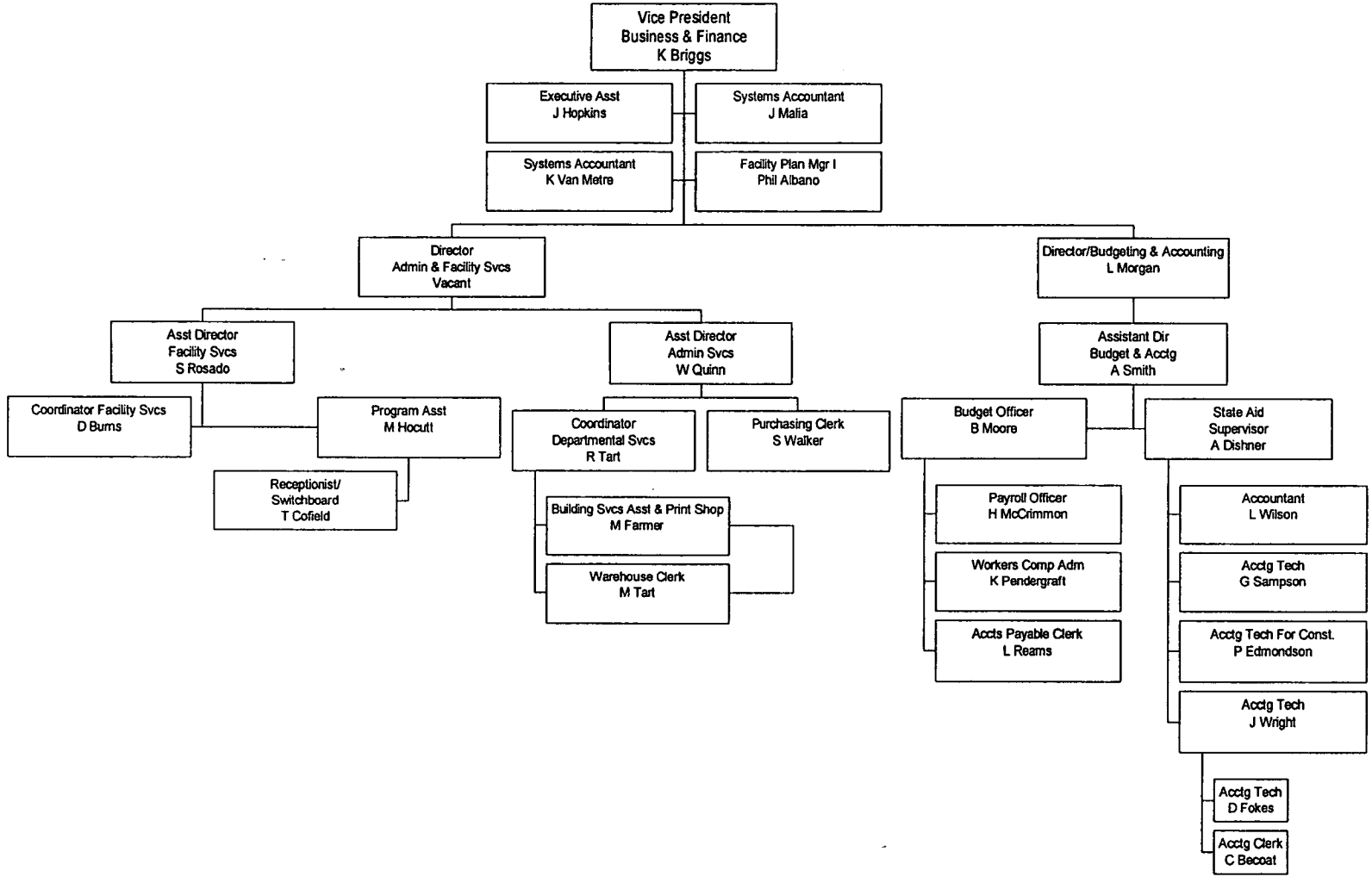
03/2005

Administration Division



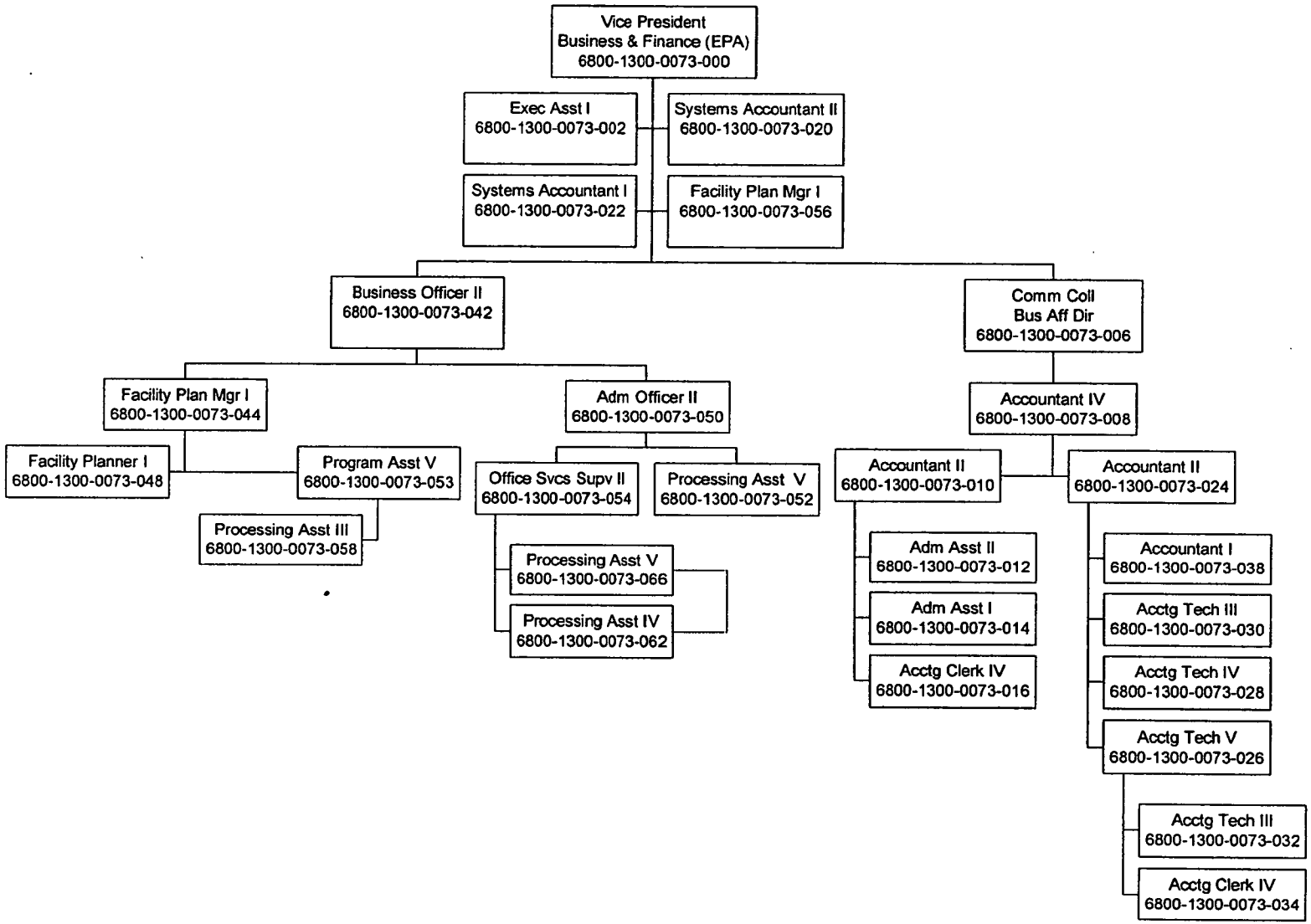
03/2005

Business and Finance Division



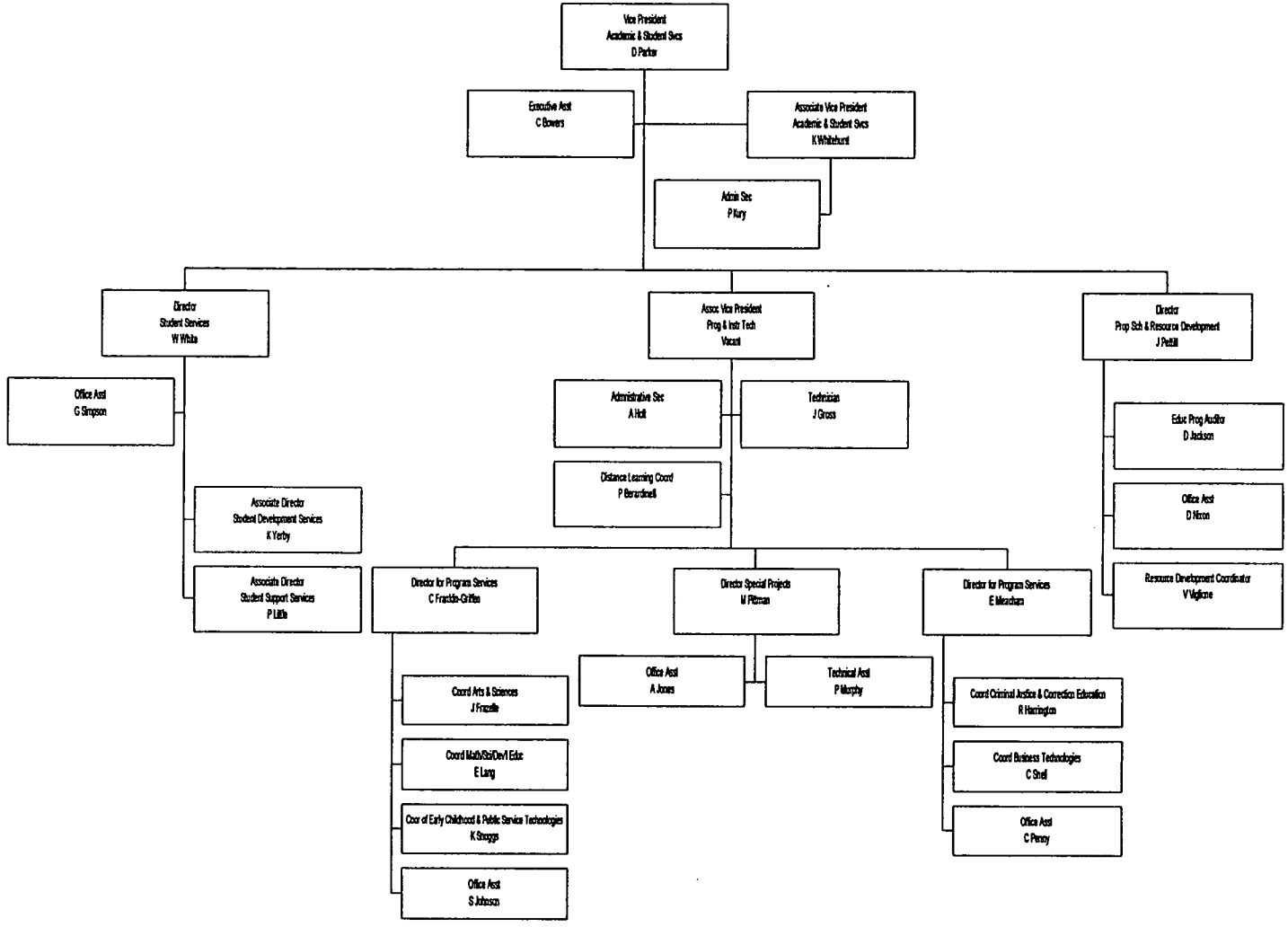
03/2005

Business and Finance Division



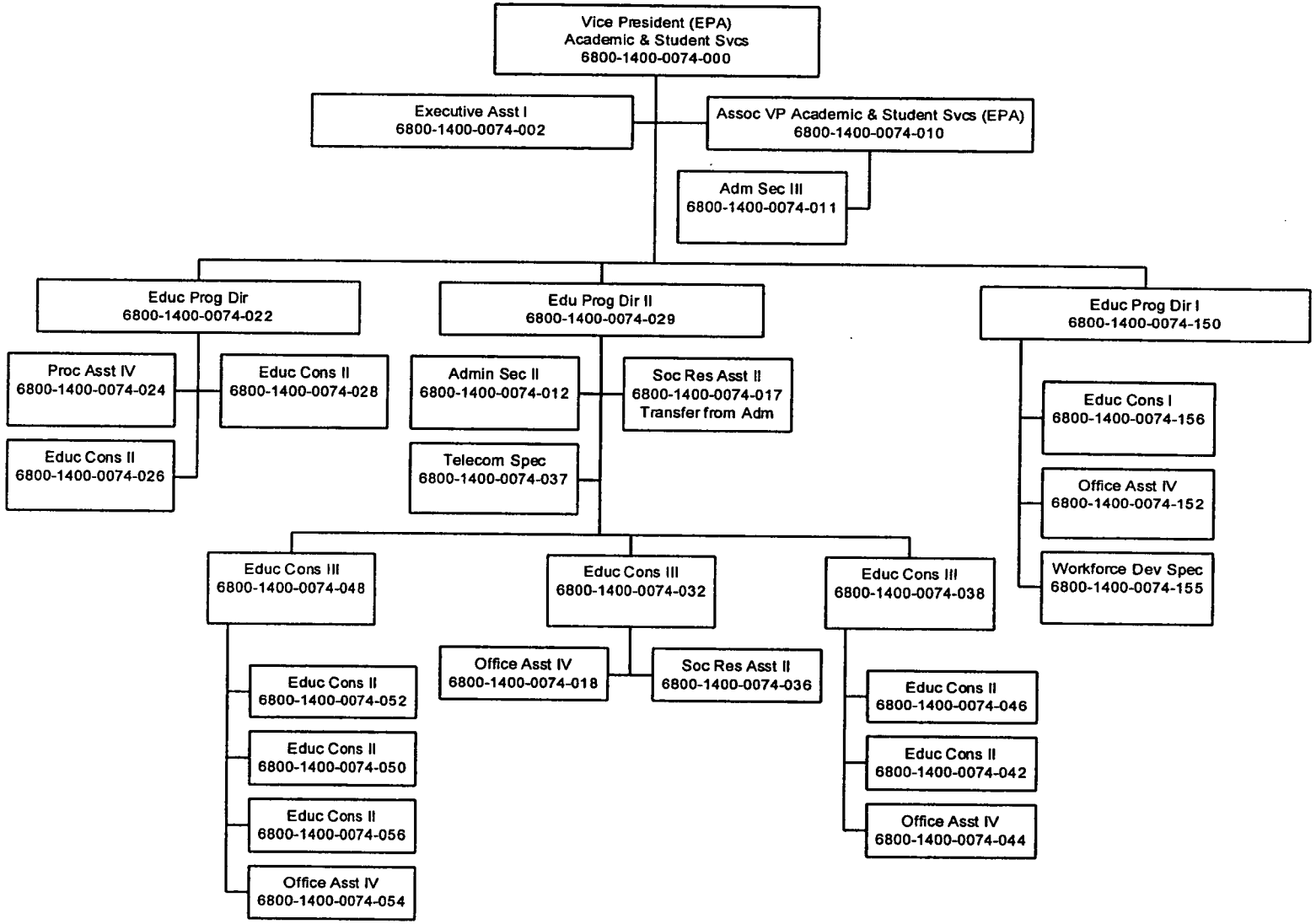
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Academic and Student Services Division



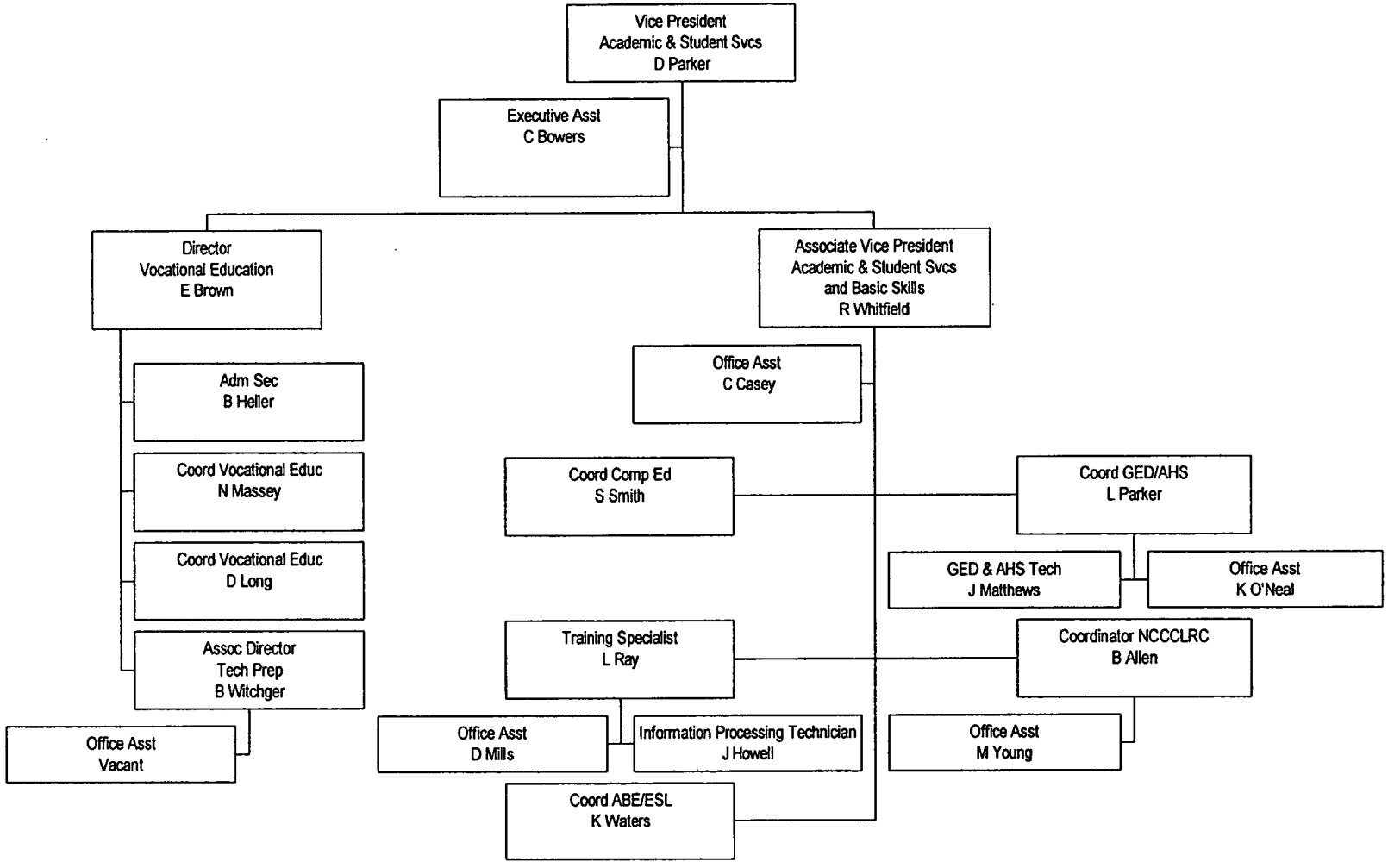
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Academic and Student Services Division



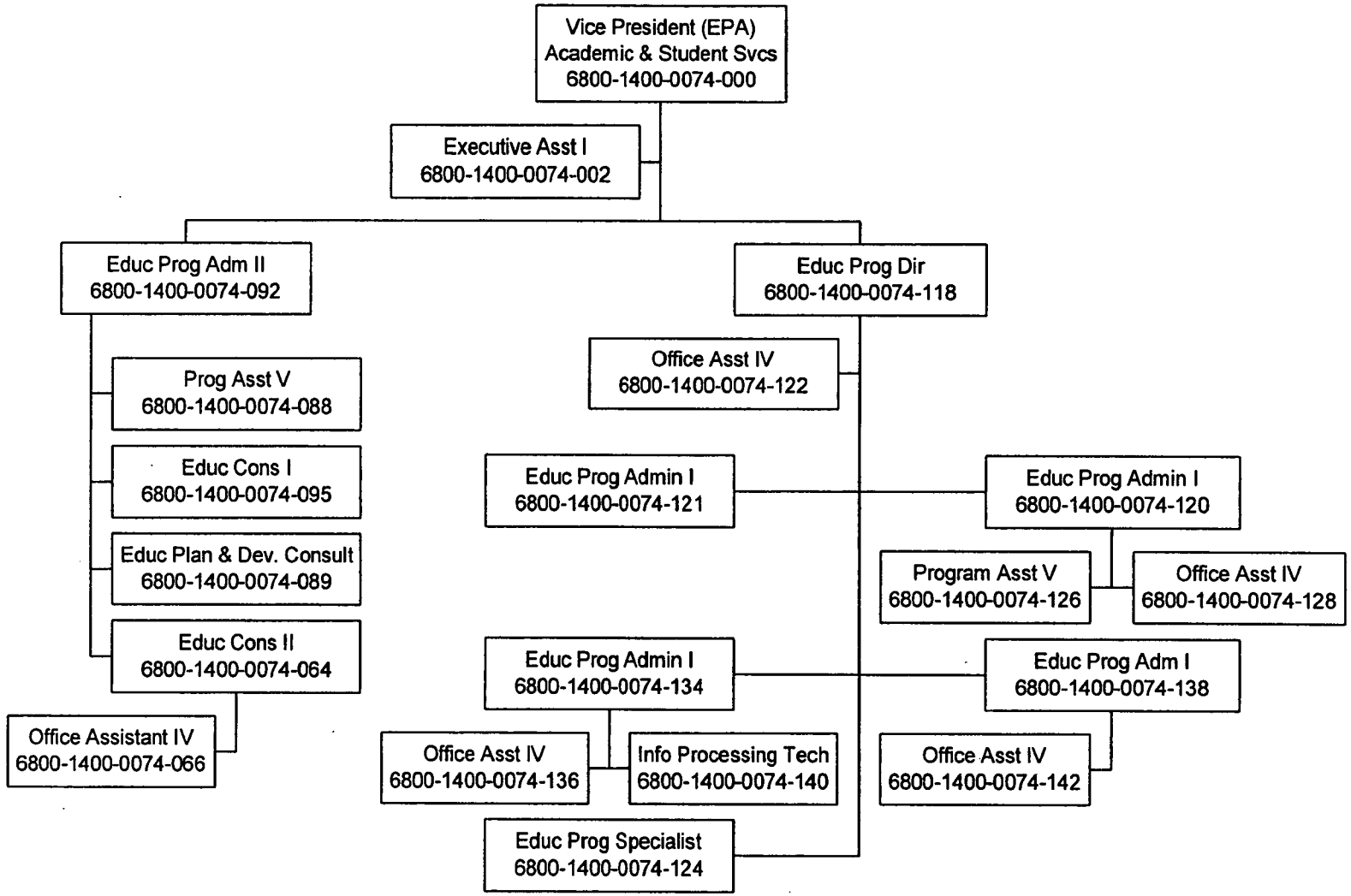
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Academic and Student Services Division

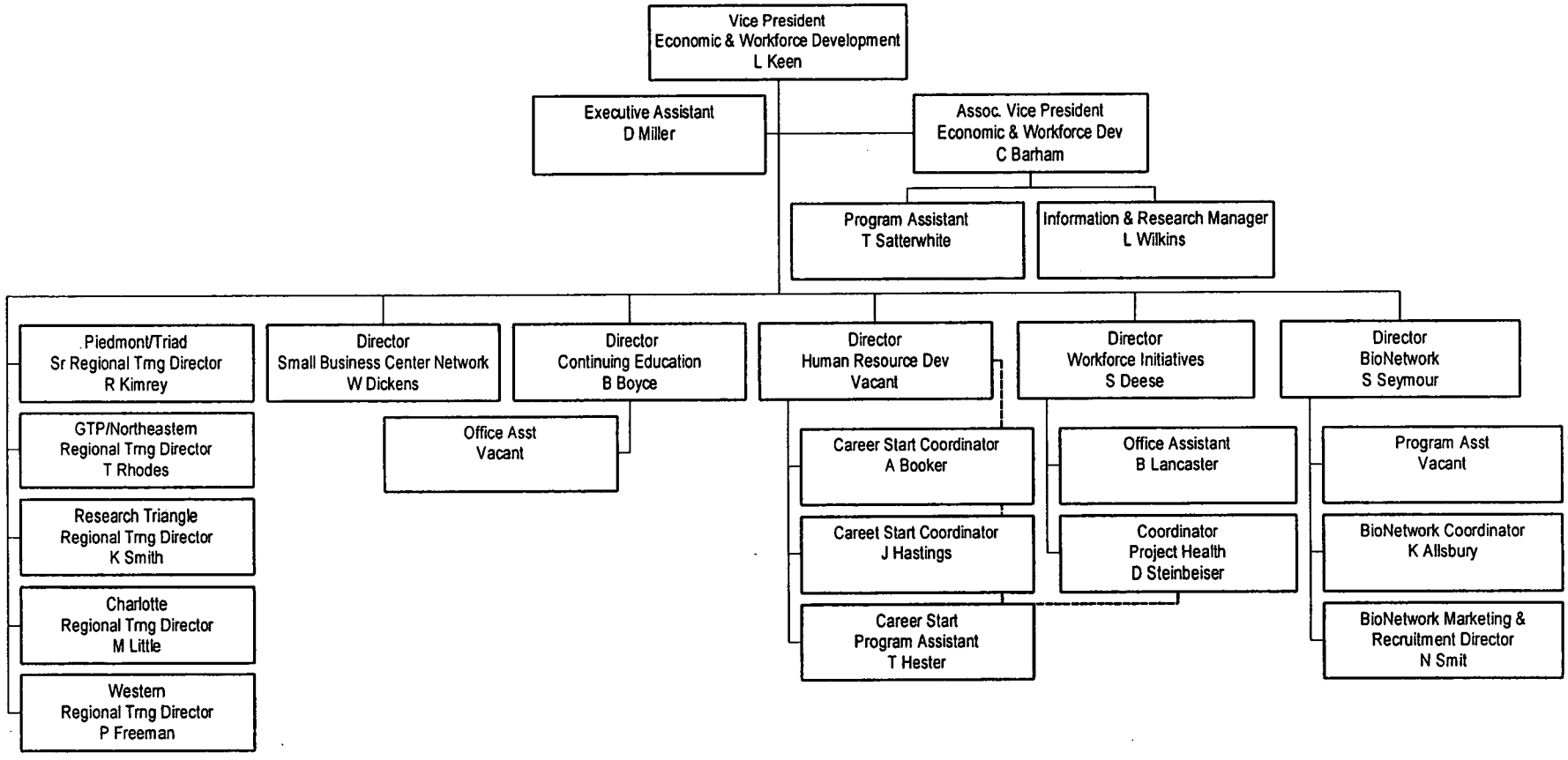


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Academic and Student Services Division

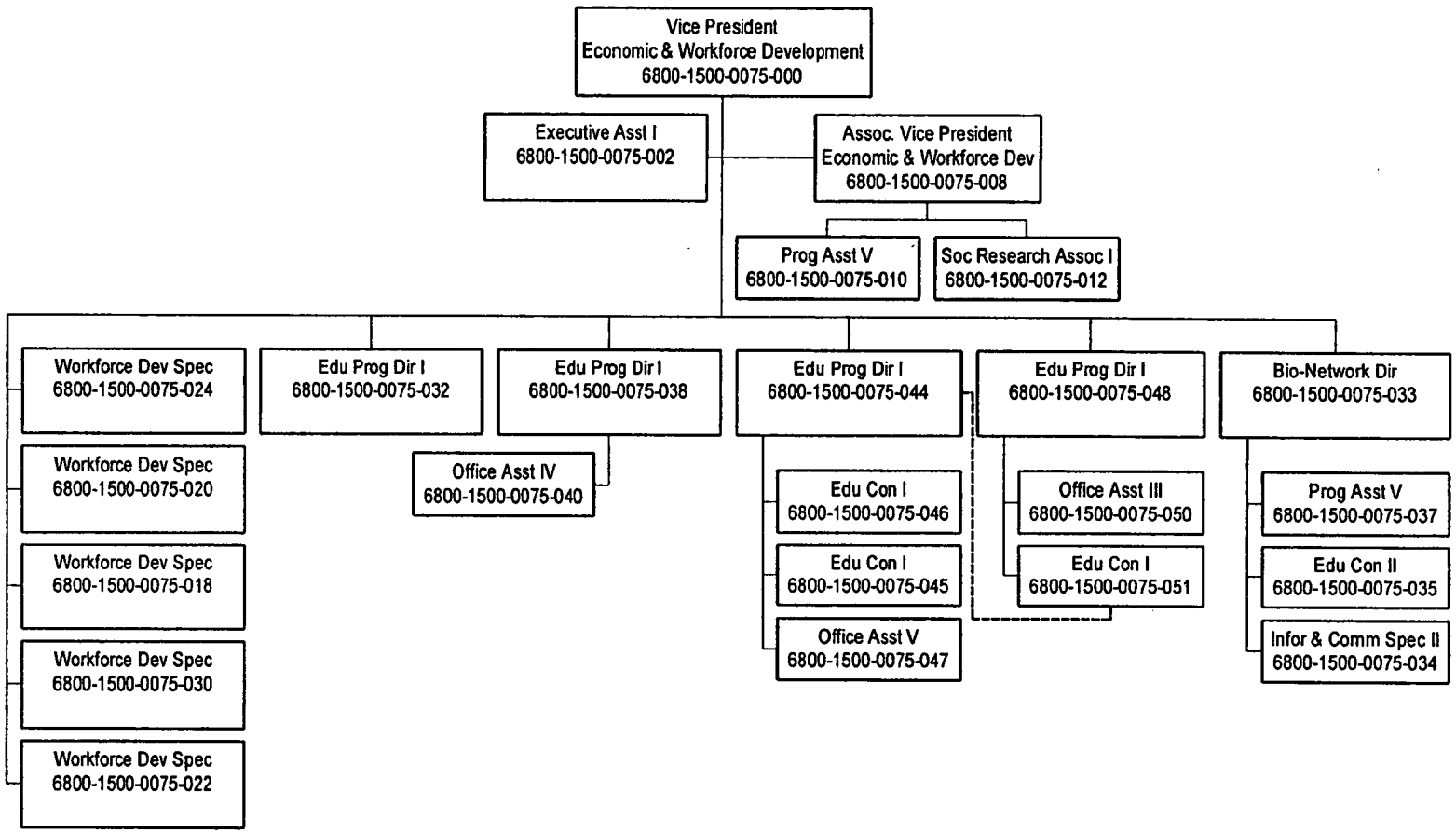


Economic and Workforce Development Division



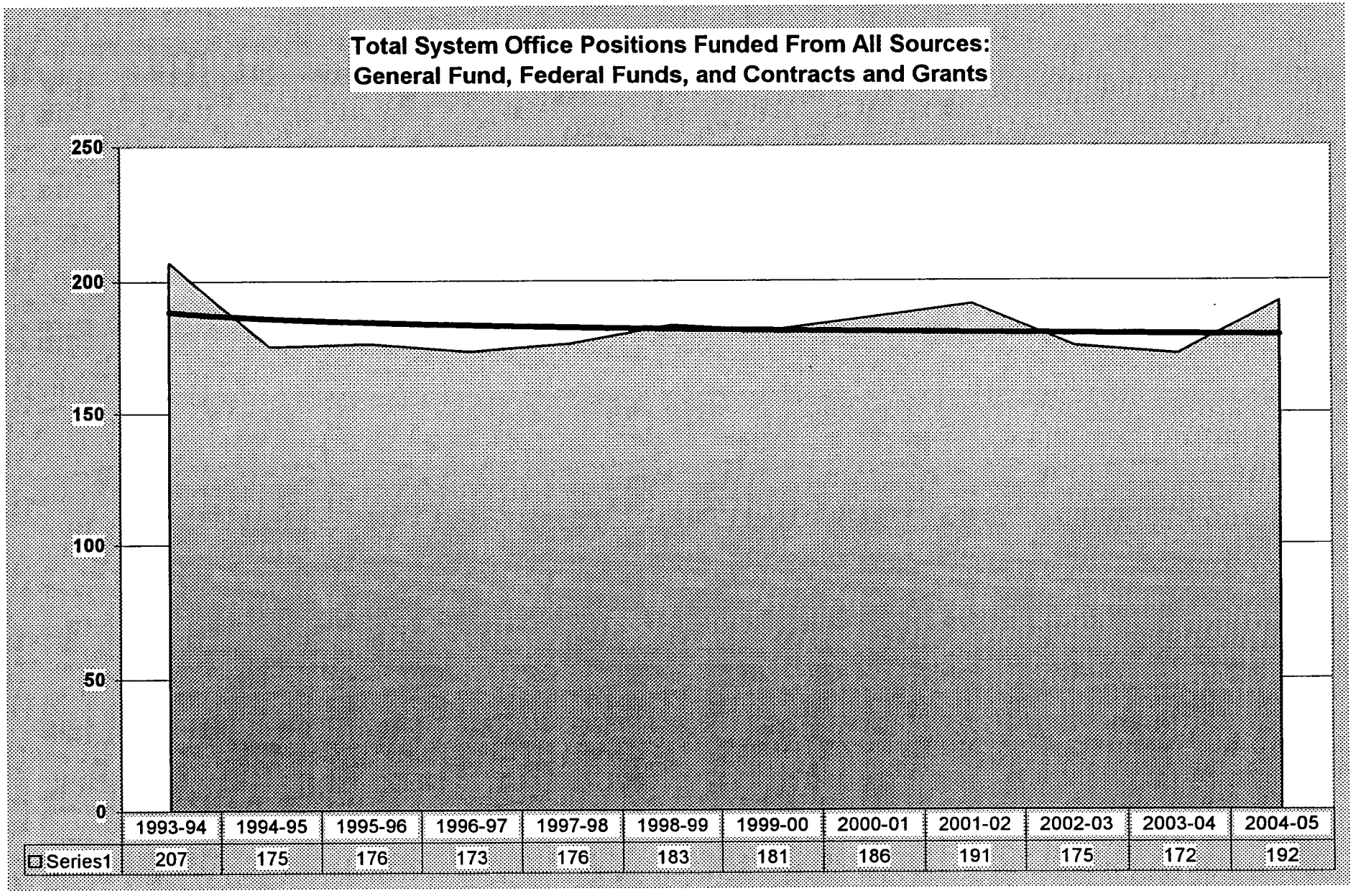
03/2005

Economic and Workforce Development Division



03/2005

THE SYSTEM OFFICE BUDGET POSITIONS



NOTE: The increase in budgeted positions in FY 2004-05 has come from - 1. College Information System (G.F); 2. Workforce Investment Act (Fed); and 3.BioTechnology (Golden Leaf Foundation)

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Authorized System Office Positions as of January 1, 2005

	State Supported	Receipt Supported	Federal Supported	Total
1100 Executive Division	18.0			18.0
1200 Administration	75.0		1.0	76.0
1300 Business & Finance	28.0			28.0
1400 Academic & Student Services	27.0	1.0	18.0	46.0
1500 Economic & Workforce Development	14.0	4.0	6.0	24.0
Agency Total	162.0	5.0	25.0	192.0

College Information System

1200 18.0

Vocational Education

1200 1.0
1400 4.0

Adult Basic Education

1400 12.0

Tech/Prep

1400 2.0

Proprietary Schools

1400 1.0

Workforce Investment Act

1500 2.0

BioNetwork - Golden LEAF Foundation

1500 4.0

Career Start Program

1500 3.0

Project Health

1500 1.0

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Authorized System Office Positions as of January 1, 2005

	State Supported	Receipt Supported	Federal Supported	Total
1100 Executive Division	18.0			18.0
1200 Administration	75.0		1.0	76.0
1300 Business & Finance	28.0			28.0
1400 Academic & Student Services	27.0	1.0	18.0	46.0
1500 Economic & Workforce Development	14.0	4.0	6.0	24.0
Agency Total	162.0	5.0	25.0	192.0

College Information System

1200 18.0

Vocational Education

1200 1.0
1400 4.0

Adult Basic Education

1400 12.0

Tech/Prep

1400 2.0

Proprietary Schools

1400 1.0

Workforce Investment Act

1500 2.0

BioNetwork - Golden LEAF Foundation

1500 4.0

Career Start Program

1500 3.0

Project Health

1500 1.0

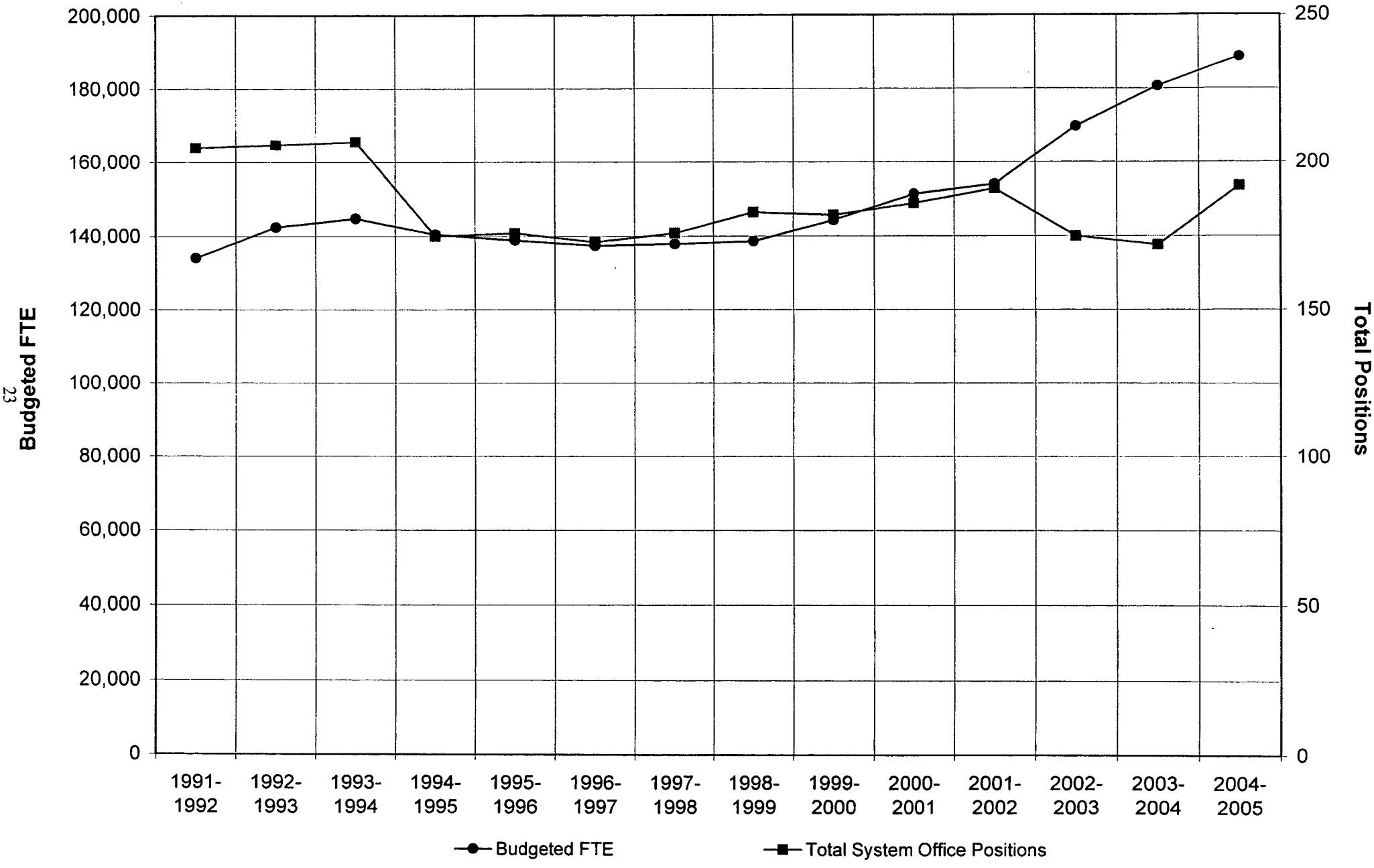
NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

2004-05 Authorized System Office Positions as of January 1, 2005

Center	Officials/ Administrators		Management Related		Professionals		Administrative Support		Total
	Federal/Receipt	State	Federal/Receipt	State	Federal/Receipt	State	Federal/Receipt	State	
1100		7.00		5.00		2.00		4.00	18.00
1200		9.00		4.00	1.00	55.00		7.00	76.00
1300		2.00		10.00				16.00	28.00
1400	7.00	8.00		1.00	3.00	11.00	9.00	7.00	46.00
1500	1.00	5.00		4.00	6.00	2.00	3.00	3.00	24.00
Total	8.00	31.00	0.00	24.00	10.00	70.00	12.00	37.00	192.00

THE SYSTEM OFFICE

College - Budgeted FTE vs. System Office Positions



NOTE: The Receipt Supported Positions for Year 01-02 is 24.5 and 04-05 is 30.0

POSITIONS VACANT FOR SIX MONTHS OR MORE AS OF JANUARY 1, 2005

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Modified Zero-Based Budgeting Approach

Following is a list of positions vacant for six months or more as of January 1, 2005, listed on the Joint Appropriations Subcommittee's modified Zero-Based Budgeting Approach dated March 9, 2005, item 14, as follows:

14. Positions vacant for six months or more as of January 1, 2005. (**Note:** *This excludes public school teachers and community college faculty, critical law enforcement and public safety positions, and positions responsible for the custody and care of persons for whom the state is responsible.)*

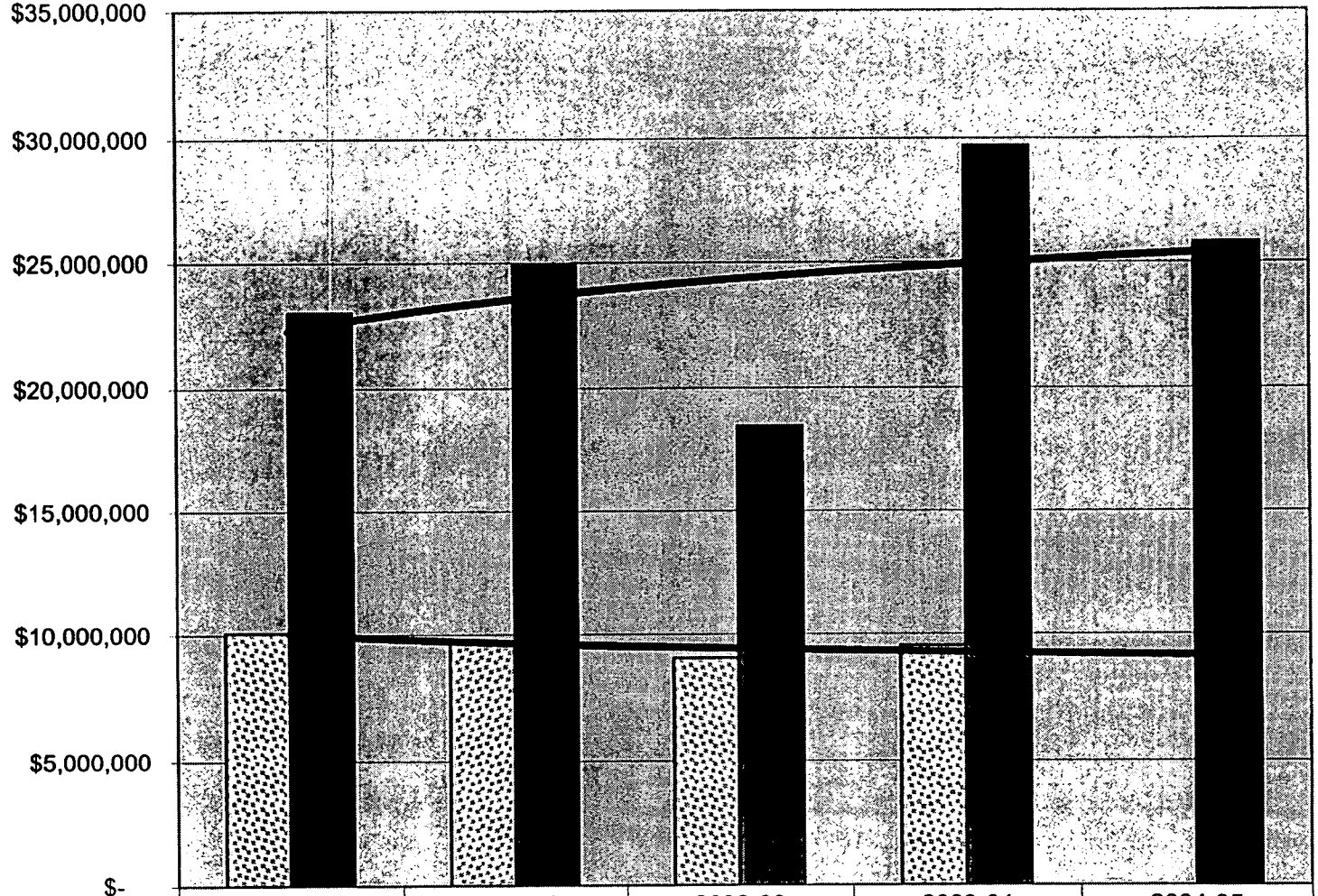
NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Positions Vacant for Six Months or More as of January 1, 2005

Classification	Date Vacant	Status
Education Consultant II	6/30/04	Filled (1/1/05)
Information Tech Program Manager III	6/30/04	Vacant (Screening applications)
Computer Technical Writer	11/17/03	Vacant (No action)
Systems Programmer I	6/30/04	Filled (2/1/05)
Applications Analyst Programmer I	6/30/04	Filled (1/18/05)
Information Processing Technician	5/31/04	Vacant (No Action)
Systems Programmer I	7/1/04	Filled (1/13/05)
Applications Analyst Programmer II	7/1/04	Filled (1/5/05)
Applications Analyst Programmer Specialist	7/1/04	Filled (2/10/05)
Office Assistant III	8/1/02	Vacant (Reclassified as an Office Assistant IV on March 1, 2005 – Currently Advertised)

SYSTEM OFFICE BUDGET

THE SYSTEM OFFICE BUDGET SINCE FY 2000-2001



	2000-01	2001-02	2002-03	2003-04	2004-05
Actual Expenditures without the Information System	$10,069,894	$9,739,023	$9,041,713	$9,519,221	
Actual Expenditures with the Information System	$23,069,883	$24,888,405	$18,454,659	$29,695,986	$25,771,041

NOTE: The 2004-05 numbers are "Budgeted", not "Actual"

THE SYSTEM OFFICE BUDGET

LEGISLATIVE FUNDING INCREASES AND DECREASES SINCE FY 1999-2000

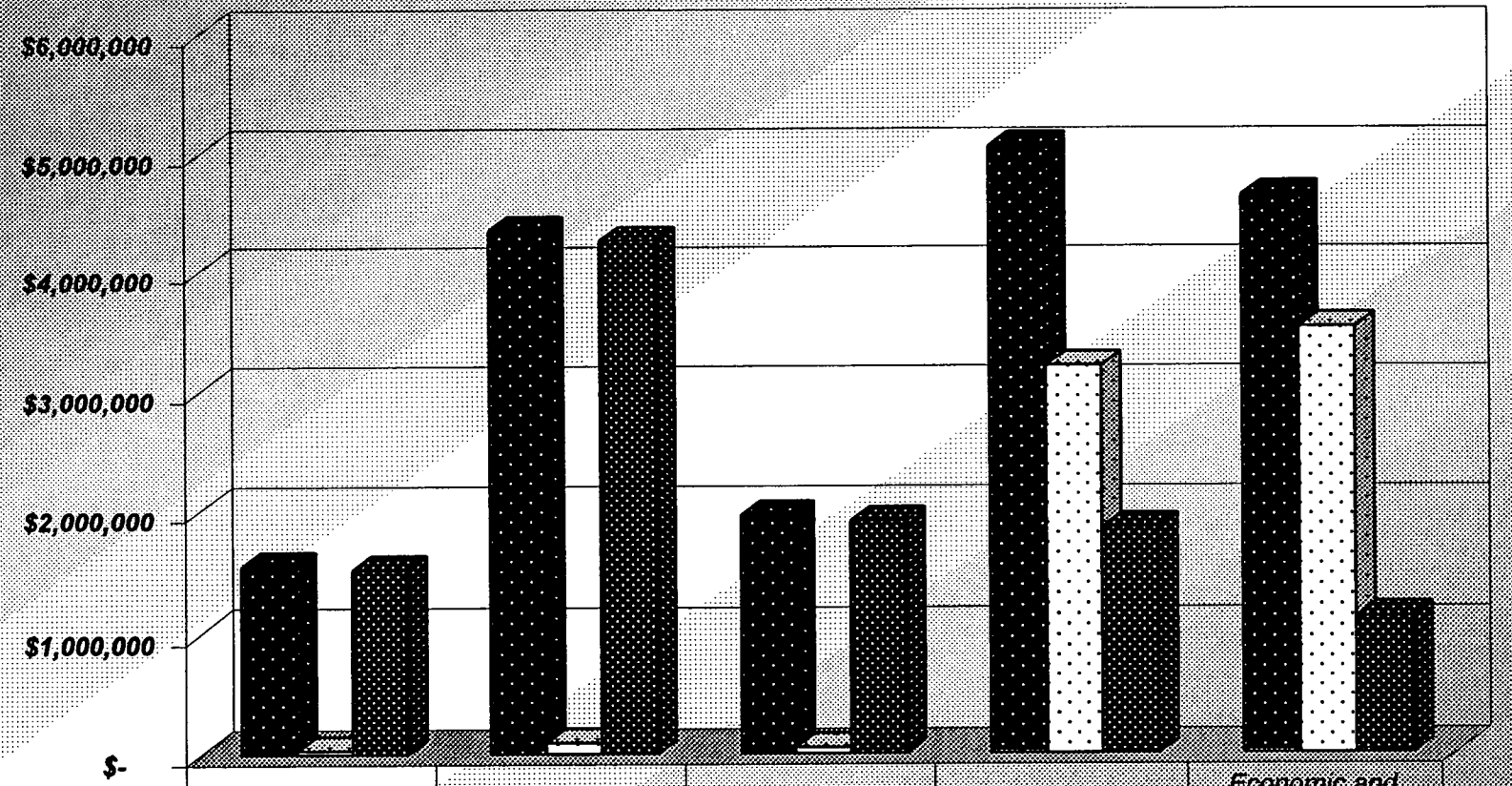
Fiscal Year	Item		Amount	Positions
1999-2000	**Increases/Decreases**			
	Need Based Financial Aid	R	$ 5,000,000	
	College Information System	R	$ 8,000,000	
	Vacant Position Reduced		$ (67,015)	-2.0
			$ 12,932,985	**-2.0**
2000-2001	**Increases/Decreases**			
	College Information System	R	$ 7,000,000	
	Salary Adjustment Funds (SPA)		$ 225,000	
	State Board Reserve Reduction	R	$ (100,000)	
			$ 7,125,000	**0.0**
2001-2002	**Increases/Decreases**			
	Need Based Financial Aid	R	$ 1,062,806	
	Eliminiate Positions		$ (197,923)	-4.0
	State Board Reserve Reduction	R	$ (350,000)	
			$ 514,883	**-4.0**
2002-2003	**Increases/Decreases**			
	Need Based Financial Aid	R	$ 1,000,000	
	Eliminiate Positions		$ (432,171)	-11.5
	Reduce Operating Budget		$ (449,946)	
			$ 117,883	**-11.5**
2003-2004	**Increases/Decreases**			
	Need Based Financial Aid	R	$ 3,200,000	
	Reduce Operating Budget		$ (102,539)	
			$ 3,097,461	**0.0**
2004-2005	**Increases/Decreases**			
	Need Based Financial Aid	R	$ 718,396	
			$ 718,396	**0.0**

R = Reserves that are allocated across the 58 colleges; not for System Office benefit

Six-Year Summary

TOTAL NET INCREASES/DECREASES	**$ 24,506,608**	
College Information System	$ 15,000,000	
Need Based Financial Aid	$ 10,981,202	
> System Office Positions Lost	**$ (697,109)**	**-17.5**
> System Office Operating Funds Lost	**$ (552,485)**	
State Board Reserve Funds Cut	$ (450,000)	
Salary Adjustment Fund	$ 225,000	

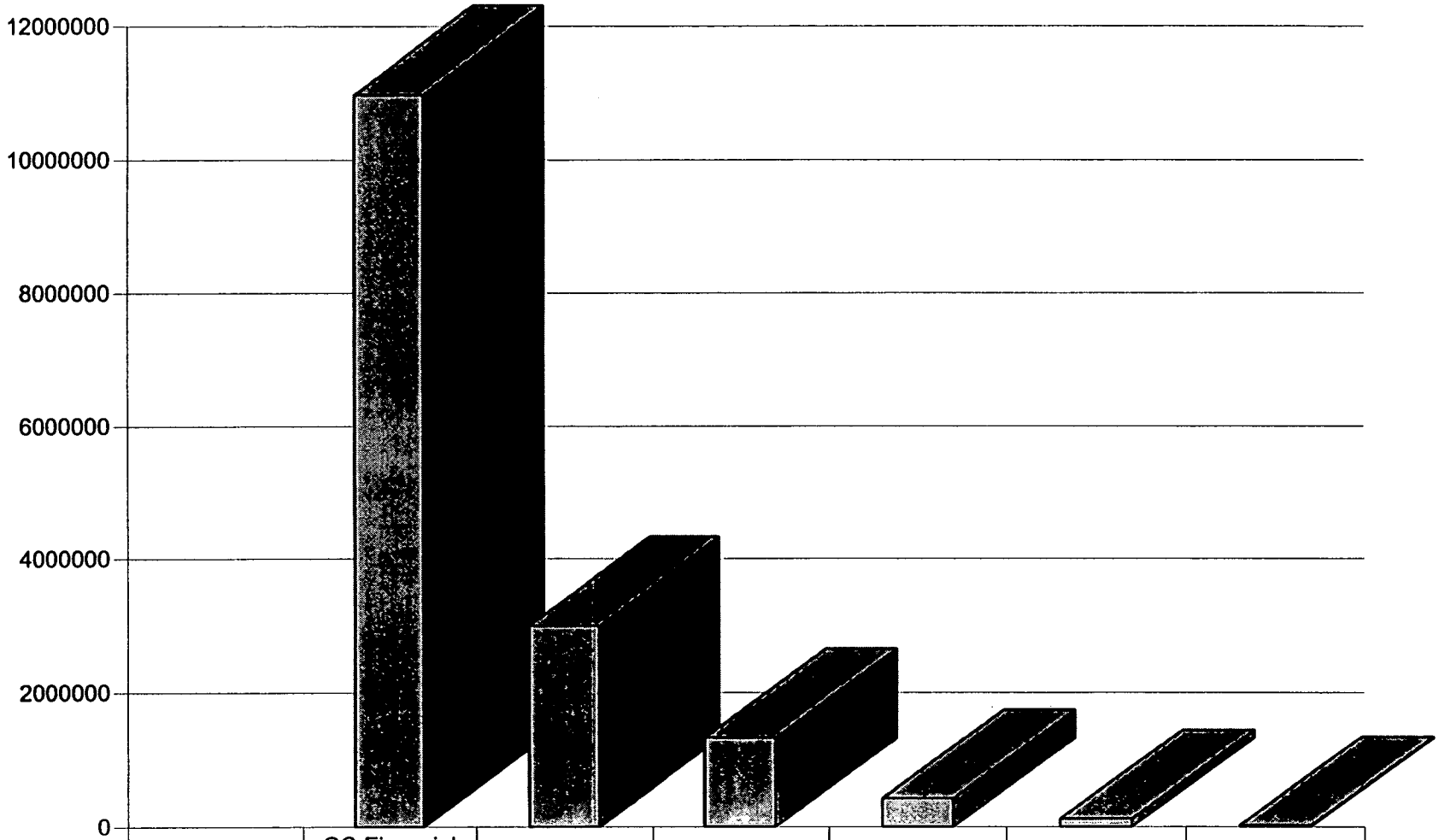
SYSTEM OFFICE BUDGET AS OF DECEMBER 31, 2004
No College Information Budget Included



	President's Office	Administration (with I.T. staff)	Business and Finance	Academic and Student Services	Economic and Workforce Development
Requirements	$1,538,265	$4,350,718	$1,957,215	$5,057,012	$4,646,474
Receipts	$30,000	$90,185	$52,498	$3,205,241	$3,524,005
Appropriation	$1,508,265	$4,260,533	$1,904,717	$1,851,771	$1,122,469

THE SYSTEM OFFICE BUDGET

System wide Reserves as of December 31, 2004



Reserve Type	CC Financial Aid Grant Program	Enrollment Reserve	Equipment Reserve	Indirect Cost Reserve	State Board Reserve	Disaster Relief Reserve
Series1	$10,981,202	$3,000,000	$1,327,740	$418,918	$118,552	$18,793

NORTH CAROLINA ELECTRONICS AND INFORMATION TECHNOLOGIES ASSOCIATION (NCEITA)

PROGRAM: Nonprofit Organizations – North Carolina Electronics and Information Technologies Association (NCEITA)
CURRENT GENERAL FUND APPROPRIATION: $200,000
PERCENTAGE OF DEPARTMENT BUDGET: **PERCENTAGE OF DIVISIONAL BUDGET:**
YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $62,599
FUND BALANCES REMAINING: $137,401
PURPOSE AND GOALS OF PROGRAM: The 2004 Session of the General Assembly directed (Section 8.17 of Session Laws 2004-124) the State Board to transfer the sum of $200,000 to the North Carolina Electronics and Information Technologies Association (NCEITA). This directive was part of a larger appropriation made by the General Assembly to the State Board for the establishment of a "Statewide Military Business Center and Homeland Security Business Incubator."
RESULTS AND OUTCOMES OF PROGRAM: As required in statute (Section 8.17 of Session Laws 2004-124), NCTA delivered a comprehensive action plan to the General Assembly's Joint Education Oversight Committee on February 28, 2005. The proposal outlines the economic development opportunities available by launching the Defense Technology Innovation Center to be piloted in Cumberland County, NC. The concept highlights a business accelerator that will bring new and emerging technologies into the market place by partnering start-up businesses with a channel-partner and customer base. NCTA will formally present the concept and business plan to the Senate Technology Committee on March 29, 2005 at 12 noon. Additionally, legislation will be drafted for consideration by the General Assembly.
DATE OF ORIGINAL GENERAL FUND APPROPRIATION: July 1, 2004
NUMBER OF FULL- AND PART-TIME POSITIONS: N/A
PROGRAM DIRECTOR: Joan P. H. Myers

MISCELLANEOUS CONTRACTUAL SERVICES

PROGRAM: Miscellaneous Contractual Services – Administration (does not include College Information Systems or Data Warehouse) (Account 532199)

CURRENT GENERAL FUND APPROPRIATION: $78,317

PERCENTAGE OF DEPARTMENT BUDGET: .74%

PERCENTAGE OF DIVISIONAL BUDGET: 1.84%

YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $22,158

FUND BALANCES REMAINING: $56,159

PURPOSE AND GOALS OF PROGRAM: The use of miscellaneous contractual services within the Administration Division includes functions and services which provides operational support to the Community College System in the area of Learning Technology.

RESULTS AND OUTCOMES OF PROGRAM:

$78,317 – Solinet (Southeastern Library Network) is the regional distributor for Online Computer Library Center (OCLC) services. OCLC is a bibliographic utility designed to contain the escalating cost of cataloging materials added to community colleges library collections. Library Resources received Solinet membership in May 1982. OCLC has over 58 million MARC records in their database contributed by the Library of Congress and member libraries all over the world. They also have a quality control unit that monitors the bibliographic records added by member libraries that oversees the running of processes to maintain subject and name authorities, to update bibliographic information when changes are made to the MARC standards, forms of names and subjects in authorities, Anglo-American Cataloging Rules, Dewey Decimal, and Library of Congress Classification schedules, etc.

DATE OF ORIGINAL GENERAL FUND APPROPRIATION: Historically in Continuation Budget

NUMBER OF FULL- AND PART-TIME POSITIONS: N/A

PROGRAM DIRECTOR: Saundra Williams

PROGRAM: Miscellaneous Contractual Services – Business and Finance (Account 532199)

CURRENT GENERAL FUND APPROPRIATION: $242,623

PERCENTAGE OF DEPARTMENT BUDGET: 2.28%

PERCENTAGE OF DIVISIONAL BUDGET: 12.74%

YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $89,793

FUND BALANCES REMAINING: $152,830

PURPOSE AND GOALS OF PROGRAM: The use of miscellaneous contractual services within the Business and Finance Division includes functions and services which provides operational support to the Community College System in the areas of budgeting, accounting, and administration and facility services.

RESULTS AND OUTCOMES OF PROGRAM:

$15,123 – CC Benefits, Inc. – To conduct a study to determine the economic development and socioeconomic contributions, of the 58 Community Colleges, to their respective service areas, students, taxpayers, and local business community. This activity is funded through State Board Reserve funds.

$87,900 - Hockaday-Hunter & Associates – To conduct a study of the FTE Funding Formula to ensure that adequate funding is provided for high-cost programs. Results shall be reported to the Joint Legislative Education Oversight Committee and to the chairs of the appropriations committee of the House of Representatives and the Senate. (Section 8.13 of House Bill 1414) This activity is funded through State Board Reserve funds.

$74,108 – Regional Technology Strategies – To conduct a study of the North Carolina Center for Applied Textile Technology. (Section 8.6A(a) of House Bill 1414). This activity is funded through State Board Reserve funds.

$15,000 – College Market Institute – To provide assistance in developing, coordinating, and facilitating the dissemination of information generated by the CC Benefits, Inc. study of the socioeconomic impact of the North Carolina Community College System upon the State of North Carolina. This activity is funded through State Board Reserve funds.

$2,500– Manpower Temporary Services – To secure short-term, short-notice temporary labor for the System Office.

DATE OF ORIGINAL GENERAL FUND APPROPRIATION: Historically in Continuation Budget

NUMBER OF FULL- AND PART-TIME POSITIONS: N/A

PROGRAM DIRECTOR: Kennon Briggs

PROGRAM: Miscellaneous Contractual Services – Academic & Student Services (Account 532199)
CURRENT GENERAL FUND APPROPRIATION: $6,000
PERCENTAGE OF DEPARTMENT BUDGET: .06% **PERCENTAGE OF DIVISIONAL BUDGET:** .32%
YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $2,880
FUND BALANCES REMAINING: $3,120
PURPOSE AND GOALS OF PROGRAM: The use of miscellaneous contractual services within the Academic and Student Services Division includes functions and services which provides operational support to the Community College System in the areas of curriculum and student services, professional development, program services, proprietary schools, sponsored programs, and SACS accreditation.
RESULTS AND OUTCOMES OF PROGRAM: $2,880 – Dr. Louise Gooche – To provide temporary professional services during the vacancy of the Director for Program Services position located in the Academic and Student Services Division.
DATE OF ORIGINAL GENERAL FUND APPROPRIATION: Historically in Continuation Budget
NUMBER OF FULL- AND PART-TIME POSITIONS: N/A
PROGRAM DIRECTOR: Delores Parker

PROGRAM: Miscellaneous Contractual Services – Economic and Workforce Development (Account 532199)

CURRENT GENERAL FUND APPROPRIATION: $27,983

PERCENTAGE OF DEPARTMENT BUDGET: .26%

PERCENTAGE OF DIVISIONAL BUDGET: 2.49%

YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $18,021

FUND BALANCES REMAINING: $9,962

PURPOSE AND GOALS OF PROGRAM: The use of miscellaneous contract services within the Economic and Workforce Development Division includes functions and services which provide operational support to the Community College System in the areas of New Industry Training (NEIT), Small Business Center Network, Continuing Education, and Human Resource Development (HRD).

RESULTS AND OUTCOMES OF PROGRAM:

$23,517 – Surry Community College – To cover the cost of office space, utilities, telephone, mail, and copier services and a one-half time office support position for Rick Kimrey, the Senior Regional NEIT Training Director.

$2,400 – NC Global Transpark Education and Training Center – To cover the cost of office space, telephone, copier, fax, printer, and mailing and limited secretarial support services for Tim Rhodes, the GTP/Northeastern Regional NEIT Training Director.

$4,940 – Gayle P. Harvey - To provide professional services in the collection of data and the production of FY 2003-04 annual reports relating to the work of the Small Business Centers.

DATE OF ORIGINAL GENERAL FUND APPROPRIATION: The funds for the NEIT regional directors are historically in the Continuation Budget. The cost for the contract with Ms. Harvey is funded with lapsed salary funds.

NUMBER OF FULL- AND PART-TIME POSITIONS: N/A

PROGRAM DIRECTOR: Larry Keen

RENTAL/LEASE OF EQUIPMENT

PROGRAM: Rental/Lease of Equipment (Account 532521 to 532525)

CURRENT GENERAL FUND APPROPRIATION: $8,100

PERCENTAGE OF DEPARTMENT BUDGET: .08%

PERCENTAGE OF DIVISIONAL BUDGET: All divisions included - .08%

YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $3,103

FUND BALANCES REMAINING: $4,997

PURPOSE AND GOALS OF PROGRAM: Renewal of annual rental agreement for pager service for one IS Technical Support Technician and the annual rental agreements for a total of four copiers located in the following divisions:

Executive Division
Administration
Academic & Student Services

RESULTS AND OUTCOMES OF PROGRAM: The one pager for the IS technician will increase productivity by having the ability to respond immediately to support needs for the internal information systems. The four copiers provide the most efficient and cost effective service for small copying needs.

DATE OF ORIGINAL GENERAL FUND APPROPRIATION: July 1, 1996

NUMBER OF FULL- AND PART-TIME POSITIONS: N/A

PROGRAM DIRECTOR: H. Martin Lancaster, Saundra Williams, Delores Parker

TRAVEL AND OTHER EMPLOYEE EXPENSE

PROGRAM: Travel and Other Employee Expense – Executive Division (Accounts 5327XX)

CURRENT GENERAL FUND APPROPRIATION: $61,607

PERCENTAGE OF DEPARTMENT BUDGET: .58%

PERCENTAGE OF DIVISIONAL BUDGET: 4.08%

YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $30,258

FUND BALANCES REMAINING: $31,349

PURPOSE AND GOALS OF PROGRAM: Travel expenses for the Executive Division is linked to the mission of the North Carolina Community College System for the purpose of supporting all operational activities within the community college system. The division implements the goals and objectives of the State Board of Community Colleges, provides leadership to the community colleges and system office, and serves as a convener and catalyst for collaboration and cooperation with public, private and business groups. The Executive Division facilitates communication and serves as a conduit on system operations, governmental, regulatory and legal matters.

RESULTS AND OUTCOMES OF PROGRAM:

The System President and staff members visit all 58 community colleges on an annual basis. Also, he travels more than 25,000 miles each year to meet with business and industry leaders, economic development prospects, educational leaders and community and governmental leaders. This travel and high level of contact has increased collaboration with business and industry as evidenced by a recent donation of property by BASF to one of our community colleges has offered expanded and new career opportunities.

By General Assembly design and appointments, the 21 member State Board of Community Colleges has membership from all around the State. The State Board of Community Colleges meets a minimum of ten times per year as a Board and meets once per year with the Governing Boards of UNC and the Public Schools. Statewide representation requires expenditures for travel as members travel to Raleigh and other parts of the State to carry out their responsibilities.

Development of bio-network competitiveness centers, bio-network central learning centers, bio-technology innovation projects and biotechnology equipment and related faculty enhancement initiatives have expanded growth in the State economy."

Transitioning the Center for Applied Textile Technology to a Center of Excellence operated under Gaston College by fall of 2005 is another goal for the center to better serve the State.

DATE OF ORIGINAL GENERAL FUND APPROPRIATION: Historically in Continuation Budget

NUMBER OF FULL- AND PART-TIME POSITIONS: 17.5

PROGRAM DIRECTOR: H. Martin Lancaster, Fred G. Williams

PROGRAM: Travel and Other Employee Expense – Administration (Accounts 5327XX) (Excludes College Information System)

CURRENT GENERAL FUND APPROPRIATION: $93,105

PERCENTAGE OF DEPARTMENT BUDGET: .87%

PERCENTAGE OF DIVISIONAL BUDGET: 2.19%

YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $29,073

FUND BALANCES REMAINING: $64,032

PURPOSE AND GOALS OF PROGRAM: Travel expenses for the Administration Division are linked to the mission of the North Carolina Community College System for the purpose of providing leadership and support to the 58 community colleges in the System through policy development, coordination of planning and accountability, the development of information and reporting systems, and providing technical assistance. The division supports the staff of the System Office through information technology, planning and research, and the dissemination of reports. The division engages in planning, research, program auditing, staff training, library systems technology, learning technologies, and the implementation of a comprehensive information system. A commitment to college services and the use of information in improving accountability practices and programs unifies work units with diverse functions.

RESULTS AND OUTCOMES OF PROGRAM:

See attached Results and Outcomes

DATE OF ORIGINAL GENERAL FUND APPROPRIATION: Historically in Continuation Budget

NUMBER OF FULL- AND PART-TIME POSITIONS: 57

PROGRAM DIRECTOR: Saundra Williams

Budget Justification: Travel
Vice President for Administration

- Presentations to various groups: Colleges request presentations to local boards of trustees, faculty groups, and senior administrators on distance learning issues, performance measures and funding, system's strategic plan and planning process, new management information system, library automation, etc. The outcome is the dissemination of information about the goals and activities of the NCCCS to our constituencies.

- Meetings of statewide committees: Planning Council, Distance Learning Council, Steering Committee for the Information Systems for the Future, Wireless Consortium, Performance Measures and Standards Task Force, etc. The outcome is that policies and plans for the NCCCS are developed through these committees.

- System-related conferences: This activity consists of making presentations to and participating in conferences relative to community colleges. Included would be off-site meetings of the State Board, the Presidents' Association, and the many associations related to our system (CCPRO, IIPS, Instructional Administrators, Adult Education, and Finance). There are frequent requests to give an update from the System Office, covering the Administration Division as well as other specific areas. The outcome of this activity is a better informed college community and the gathering of input from the colleges on items such as performance funding, statewide technology projects and distance learning. Participation in these conferences, gathers input on the issues and concerns of our colleges.

- Regional and national conferences: This activity consists of tracking national issues related to community colleges, to planning and institutional research, and to technology through attending conferences sponsored by the Southern Association of Institutional Research, the Association of Institutional Research, the Southern Association of Colleges and Schools, and the American Association of Community Colleges. Presentations at these meetings disseminate information about the NCCCS to others. The outcome of this activity is professional development; knowledge of what is happening in other states; and the opportunity to publicize what is occurring in the North Carolina Community College System.

Budget Justification: Travel
Information Resources and Technology

1. Description: Staff Training
   Purpose: Travel, subsistence, and related expenses associated with formal training of professional/technical staff members.
   Results: Professional staff members attend formal training classes that provide them with specific professional and technical skills that are required for successful performance of job duties.

2. Description: System-wide/National Meeting & Conference Participation (41% of Budget)
   Purpose: Travel, subsistence, and related expenses for professional staff to participate in system-wide and national meetings and conferences.
   Results: Professional staff members participate in system-wide and national meetings and conferences, frequently as presenters providing information about System Office policies, projects and activities, and exchanging information and ideas with representatives of community colleges and other organizations, including NC Association of Community College Presidents, State Board of Community Colleges, NC IIPS User Group Meetings, Datatel Users Group, National ITFS Association, League for Innovation in the Community College and other professional organizations that support the North Carolina Community College System.

3. Description: Special Projects/New Systems Development (50% of Budget)
   Purpose: Travel, subsistence, and related expenses for professional staff participation in special projects.
   Results: Professional staff provide leadership and support for collaborative efforts with community colleges and other organizations on specific projects and initiatives, including the College Information Systems Project and the IT security policies project.

4. Description: Technical Assistance to Community Colleges (9% of Budget)
   Purpose: Travel, subsistence, and related expenses for professional staff members to provide technical assistance to community colleges.
   Results: Community colleges are provided with professional information and advice, based on abroad range of experience across multiple colleges, that enables them to more effectively make decisions and meet college objectives in the areas of IT products and services, IT management and security policies.

Budget Justification: Travel
Information Services

1. Description: Staff Training
(21% of Budget)
Purpose: Travel, subsistence, and related expenses associated with formal training of professional/technical staff members
Results: Professional and technical staff members attend formal training classes in Colleague Administration and Programming, Unix Administration, Web Page Management, Novell GroupWise, firewall and security classes, and Web Site Organization. These classes provide the staff with specific professional and technical skills that are required for successful performance of job duties, including Colleague Administration, CIS Template Support and Maintenance, Web Master Administration Activities, Sun Unix System Administration, and Novell GroupWise Administration and Support.

2. Description: System-wide/National Meeting & Conference Participation
(17% of Budget)
Purpose: Travel, subsistence, and related expenses for professional and technical staff to participate in system-wide and national meetings and conferences.
Results: Professional and technical staff members participate in system-wide and national meetings and conferences, frequently as presenters providing information about System Office policies, projects and activities, and exchanging information and ideas with representatives of community colleges and other organizations. These organizations include NC IIPS User Group Meetings, Southeast Datatel User Group, National Datatel User Group, and various Professional organizations that support the North Carolina Community College System.

3. Description: Special Projects/New Systems Development
(51% of Budget)
Purpose: Travel, subsistence, and related expenses for professional/technical staff participation in special projects.
Results: Professional and technical staff participate in special projects by providing leadership and support for collaborative efforts with community colleges and other organizations on specific projects and initiatives, including the College Information Systems Project, E-procurement Project, Positive Pay Project and NC Mentor Project.

4. Description: Technical Assistance to Community Colleges (11% of Budget)

Purpose: Travel, subsistence, and related expenses for professional and technical staff members to provide technical assistance to community colleges.

Results: Community colleges are provided with technical and professional information and advice, based on abroad range of experience across multiple colleges, that enables them to more effectively make decisions and meet college objectives in the areas of system and network configurations, system implementation and integration, college-level Information Services organization, user training, and user operation issues.

Budget Justification: Travel
Planning and Research Section

1. Technical assistance to the colleges: 60% of budget. This activity covers all technical assistance delivered to the colleges on site. This includes training and error resolution with SAS and SPSS software; conducting workshops on planning, performance measures, accountability, etc, with faculty and staff; working with SACS self-study teams on institutional effectiveness; paying costs for System environmental scanning team and planning council activities; orienting new personnel to planning and accountability requirements; working with colleges on Multi-Campus and Off-Campus Center applications/feasibility studies; and other topics as requested. As a result of these activities, faculty and staff at the colleges are more knowledgeable concerning state requirements, colleges have the skills for tracking performance data, State Board mandates are carried out, and colleges are more prepared for reaccredidation.

2. System related conferences: 30% of budget. This activity consists of participating in conferences and meetings relative to the colleges. Included would be off-site meetings of the State Board, the Presidents' Association, and the many associations related to our system (Instructional Administrators, Adult Education, and Finance). We are asked to make presentations on items related to planning and research and report on changes that are underway. The outcome of this activity is a better informed college community and the gathering of input from the colleges on items such as performance funding.

3. National Conferences: 10% of budget. This activity consists of participating in national meetings related to planning, research, and accountability. Included would be the meeting of the Southern Regional Education Board Data Coordinators as well as conferences such as the Association of Institutional Research. The outcome of this activity is professional development and growth of the Planning and Research staff, enabling them to do their jobs better; knowledge of what is happening in other states; and the opportunity to publicize what is occurring in the North Carolina Community College System.

Budget Justification: Travel
Data Warehouse

1. Training: 80% of budget. The data warehouse staff must be trained on upgrades to existing software and on any new software added. As with all IT related training issues, the costs associated with training is considerably more than training in other areas. Also, most of the training in the data warehouse involves out of state travel, which increases the proportion of the budget that goes to literal travel (mileage, lodging, etc.). Most new staff in the data warehouse require some off site training in order to perform their duties efficiently. Data warehouse staff also attend user group sessions on Business Objects, Informatica, and Sybase which are usually within a reasonable distance to allow for day travel. Data warehouse staff are also required to attend meetings with other agencies regarding exchange of data, these meetings are generally within the scope of day travel.

2. System related conferences: 20% of budget. This activity consists of participating in conferences and meetings relative to the colleges. Included would be system conferences where the data warehouse staff present information on how the colleges can best use the data warehouse and its tools. IIPS and Planning and Research conferences are most closely related to this item, but there are occasions when the staff may be required to conduct presentations or training at individual colleges or sites throughout the state.

Budget Justification: Travel
Learning Technology Systems

The Learning Technology Systems (LTS) Department was established July 2003 to consolidate NCCCS Library Resources, Video Services, and Distance Learning Support and Infrastructure. A new Associate Vice President position was created to provide leadership for the department. In addition to the departmental roles previously established in areas of Library Resources and Video Services, the AVP position had additional responsibilities requiring travel to support technology growth at community colleges and provide staff development opportunities and leadership at several conferences and meetings across the state.

1. Description: System-wide/National Meeting & Conference Participation
   Purpose: Travel, subsistence, and related expenses for professional/technical staff members to participate in national meetings and conferences.
   Results: Professional and technical staff members participated in system-wide (local and state) and national meetings and conferences, frequently as presenters providing information about System Office policies, projects and activities, and exchanging information and ideas with representatives of community colleges and other organizations. This included but was not limited to IIPS, Distance Learning, Adult Learners, Academic Administrators, NCCCCLRA, Sirsi Users, and Solinet. Staff also serve on the Executive Boards of Committees and several organizations. The AVP presents at one national conference each year. The AVP and Video Coordinator are Chair and Conference Manager (respectively) of the DL Alliance Conference.

2. Description: Special Projects and New Systems Development
   Purpose: Travel, subsistence, and related expenses associated for professional/technical staff associated with special projects.
   Results: Professional and technical staff members were engaged in system-wide initiatives related to special projects and development of new systems. This included interacting with community college personnel and staff with other state agencies including UNC-General Administration, ITS, MCNC, NC DPI, etc. Such participation requires leadership and support for collaborative efforts including but not limited to development of the NCCCS DL Strategic Plan, the Data/NCIH Consolidation Plan, SIRSI upgrades and expansion.

3. Description: Staff Development and Training
   Purpose: Travel, subsistence, and related expenses associated with formal training of professional/technical staff members.

Results: Professional and technical staff members attended formal training in Data Warehouse, SIRSI/OCLC, and cataloging. The training provides specific skills that are required for successful performance of job duties.

4. Description: Technical Assistance to Community Colleges
Purpose: Travel, subsistence, and related expenses associated for training of professional/technical staff members associated with technical assistance to community colleges.
Results: Professional and technical staff members provided technical assistance to colleges by developing, organizing, and conducting workshops and providing leadership to colleges engaged in implementing new instructional and support technology. Community colleges were provided with technical and professional information and advise, based on a broad range of experience across multiple colleges, that enabled them to more effectively make decisions and meet college objectives. These included meeting with "teams" of college staff representing academic, student services, support services, and distance learning areas to facilitate expansion and support of DL courses and programs.

5. Description: Participation in NCACCP and SBCC Meetings
Purpose: Travel, subsistence, and related expenses associated for professional/technical staff members associated with participation in statewide policy meetings.
Results: Professional and technical staff members provide support and information at the request of NCACCP and SBCC committees.

Budget Justification: Travel
Program Audit Services

PURPOSE: The purpose of the Program Audit Services Section is to ensure the accountability and credibility of the North Carolina Community College System in a consultative and proactive manner. This is accomplished by conducting annual program audits of each of the 58 colleges thereby ensuring programmatic compliance with the North Carolina General Statutes, the North Carolina Administrative Code, State Board of Community Colleges policies and the North Carolina Community College System Office guidelines.

Annual program audits are conducted at each of the 58 community colleges in the System to ensure that reporting practices, procedures for delivering instruction and program classifications are in compliance with the laws, policies, and guidelines of the aforementioned regulations and governance bodies. This on site review is necessary to ensure that program operations and subsequent reporting of FTE generated is consistent with published operating procedures.

Additionally, the Program Audit Services staff provides consultation to the colleges through the interpretation and clarification of applicable laws, policies, procedures, guidelines, and reporting requirements.

REQUIREMENT FOR PROGRAM AUDITS: Chapter 321 of the 1993 Session Laws, Section 104(a) requires a 25% audit sample size; Chapter 324 of the 1995 Session laws, Section 16.3 requires a 25% penalty in addition to an audit exception cited. The program audit function was created in 1973 in response to the General Assembly's concern about inappropriate activities whereby colleges were submitting incorrect reports that allowed colleges to receive state funds for such activities.

TRAVEL EXPENDITURES:

1. Performing college program audits: 80% of budget. This activity covers all travel costs and related expenses required to conduct the annual program audits at the 58 community colleges. The travel budget supports 6 auditors and system office audit staff.

2. System related conferences: 20% of budget. This activity consists of participating in conferences and meetings of various associations within the North Carolina Community College System for the purpose of disseminating information about the audit process, new requirements, and issues associated with auditing. The outcome of this activity is a better informed college community on the rules and regulations relative to education programs and audits.

PROGRAM: Travel and Other Employee Expense – Business and Finance (Accounts 5327XX)

CURRENT GENERAL FUND APPROPRIATION: $26,644

PERCENTAGE OF DEPARTMENT BUDGET: .25%

PERCENTAGE OF DIVISIONAL BUDGET: 1.40%

YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $6,346

FUND BALANCES REMAINING: $20,298

PURPOSE AND GOALS OF PROGRAM: Travel expenses for the Division of Business and Finance is linked to the mission of the North Carolina Community College System for the purpose of supporting the efforts of the colleges and the System Office by procuring and providing an equitable distribution of resources, by assisting them in the management of these resources, and in assuring the citizens of the State of North Carolina that community colleges are good stewards of public resources.

RESULTS AND OUTCOMES OF PROGRAM: Presentations to statewide community college meetings for business officials, facility and staff associations, etc., to discuss accounting and procedural changes, legislative updates, including requirements mandated by legislative actions. Travel to individual community colleges to provide on-site technical assistance as required including participation on interview teams in the selection of chief finance officers.

In addition to normal duties, there are several major ongoing initiatives within this section that will increase our needs for travel.

1. This section is responsible for the implementation of the $600 million community college construction bond program. As such, this section will be responsible for disseminating information through conferences, workshops, and meetings with such groups as the Community College Presidents' Association, the Association of Community College Business Officials, the Association of Community College Facility Operations, the Community College Trustees' Association, and the Higher Education Bond Oversight Committee. As a part of monitoring over 375 community college bond construction projects, we may officiate at construction bid openings and represent the State Board of Community Colleges at the final inspection of construction projects. We will also meet with other civic groups and business associations to represent the System Office and present information to them about the bond program and possible opportunities available to their membership. We will participate in workshops promoting sustainable buildings, utility saving initiatives, and participation by HUB.

2. This section is responsible for purchasing at the System Office and is the central point for disseminating purchasing procedures for the 58 community colleges. As such, we are assisting with the implementation of the new E-Procurement purchasing program being integrated with the new community college financial software (Colleague). These initiatives are being phased in and necessitates our participating in a great number of workshops to provide training to the community college personnel. As colleges "go live" with E-Procurement and Colleague, staff are often called upon to provide one-on-one assistance to the colleges.

DATE OF ORIGINAL GENERAL FUND APPROPRIATION: Historically in Continuation Budget

NUMBER OF FULL- AND PART-TIME POSITIONS: 27

PROGRAM DIRECTOR: Kennon Briggs

PROGRAM: Travel and Other Employee Expenses – Academic and Student Services (Accounts 5327XX)
CURRENT GENERAL FUND APPROPRIATION: $49,561
PERCENTAGE OF DEPARTMENT BUDGET: .47% **PERCENTAGE OF DIVISIONAL BUDGET:** 2.68%
YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $26,172
FUND BALANCES REMAINING: $23,389
PURPOSE AND GOALS OF PROGRAM: Travel expenses for the Division of Academic and Student Services are linked to the missions of the North Carolina Community College System (NCCCS) for the purpose of providing leadership and support to community colleges in offering quality education for diverse learners in a changing workplace. The division enhances teaching and learning at the college level through resource development, assessment and dissemination of best practices, program development and accountability, recruitment and retention of faculty and staff, global education, and instructional technologies. The division supports the open door policy and lifelong learning.
RESULTS AND OUTCOMES OF PROGRAM: See attached Results and Outcomes.
DATE OF ORIGINAL GENERAL FUND APPROPRIATION: Historically in Continuation Budget
NUMBER OF FULL- AND PART-TIME POSITIONS: 26.5
PROGRAM DIRECTOR: Delores A. Parker

Justification for Travel
Associate Vice President for Academic and Student Services Office
Student Development Services Office

I. Associate Vice President for Academic and Student Services Office

The Associate Vice President (AVP) for Academic and Student Services coordinates the preparation of State Board of Community Colleges' agenda items for the Program Services Committee. Two of these meetings are held at locations away from the System Office and requires travel to the meeting sites. This office also serves to co-direct the North Carolina Community College system-wide conference that is held biannually in Greensboro, NC. Conference planning occurs in several onsite meetings in the program year preceding the October conference. The administrative secretary serves as conference secretary and requires training to utilize the specialized software needed to manage the conference program.

The AVP serves as the lead resource for community colleges engaged in the reform of NC high schools through Learn and Earn. This role requires presentations at professional conferences, on-site support for community colleges participating in the initiative, and professional development through visits to existing programs.

As support staff to the Global Education Consortium, the AVP and administrative secretary will coordinate seminars and symposia to augment the ability of the community colleges to train their students to compete in the global economy. A series of planned activities in conjunction with the University of North Carolina WorldView program will require on-site technical assistance for the campuses that participate. The AVP will provide train-the-trainer services to campus personnel.

The AVP serves as liaison to professional organizations connected to the NC Community College System (NCCCS) and provides updates at conferences, workshops and seminars. This position also serves as liaison to ad hoc committees that collaborate with the public and private higher education systems to assure the effective and efficient coordination of services and agreements for postsecondary education students. Similarly, staff must maintain up-to-date knowledge of the best practices that can be replicated in NC community colleges to facilitate learning, enhance diversity and promote networking.

II. Student Development Services Office

NCCCS Student Development Services provides state level leadership and technical services to the 58 community colleges of the system in specific areas of **1. Enrollment management, 2. Student support, 3. Student access and equity, 4. Student leadership and 5. Student progress monitoring.** The staff must also work collaboratively with Instructional Services, Occupational Extension and Continuing Education, NC Public Schools, the NC University System, federal and state agencies, business and industry to provide a seamless array of services that relate to workforce preparation.

In order to meet these obligations, the three professional staff members provide leadership in the following areas:

ENROLLMENT MANAGEMENT:

1. Provide training, and technical support to admissions, financial aid and registration, career planning/placement, veterans affairs, international student services, counseling and student activities staff as well as student development administrators through workshops at the NC Student Development Personnel Association conferences, the Counselors Division conference, the NC Association of Student Financial Aid Administrators (NCASFAA), the regional Student Development Administrators meetings, the NC Adult Education Association conference; coordinate development of new delivery systems for student services in the distance learning environment which includes the Distance Learning Alliance Conference; and provide program analysis at the request of campuses to identify areas that require significant improvement or that result in savings to the State. **Outcomes:** Staff provided training to 1100+ community college personnel involved in managing student enrollment on the campuses. These personnel also serve as resources to other staff on the campuses and increase student success.

2. Obtain/offer professional development through participation in workshops focused on New Directions in Student Development, U.S. Dept. of Education Title IV operations, Minority Male Mentoring, Student Retention, records retention and archiving, immigration and visa management, disability services management, Electronic Access Conference training and through state NCASFAA workshops; develop hands on experience with financial aid systems on large & small campuses. **Outcomes:** Staff serve as train-the-trainer for 60+ student financial aid officers, provides 30+ workshops annually, and respond to 3,000+ email and telephone calls relating to student services.

3. Provide training to Financial Aid and Distance Education Administrators by coordinating Department of Education Training Workshops to assist staff members in maintaining compliance with federal regulations in awarding federal aid to students. **Outcomes:** Representatives from a total of 55 Community Colleges received federal update training needed to maintain compliance. An estimated 150 college administrators receive specialized training needed to maintain compliance in awarding student aid.

4. Provide training in Retention practices involving Service Learning and Student Learning Outcomes. **Outcomes:** An estimated total of 220 faculty, staff and students received training, which will improve retention.

5. Provide Retention Best Practices training during the NCACCIA/NCCCSDAA conference. **Outcomes**: Approximately 200 Community College Deans of Instruction and Deans of Student Development will receive up to date information regarding Retention Best Practices within the Community College System.

STUDENT SUPPORT

1. Obtain scholarship monies by visiting donors, organize student activities programs on campuses at request of colleges; provide system level coordination and leadership for athletic activities at the conference level. **Outcomes:** Approximately 600 community college students receive approximately $409,543 annually in scholarships, and 8 eastern NC community colleges participate in intercollegiate sports programs in North Carolina, South Carolina and Florida.

STUDENT ACCESS AND EQUITY:

1. Provide on-campus training to Student Services personnel, faculty and administrators regarding provisions of disability services as required by the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973; serve as moderator for race and diversity workshops to increase access by minorities; provide training on delivery of services to faculty and staff at meetings of NC State Chapter on Black American Affairs; and serve as state level representative to community college Disability Service Advisory Board. **Outcomes:** One hundred fifty (150) plus community college personnel received training that provide for the recruitment and retention of minority students and students with disabilities.

2. Obtain professional development at the North Carolina Association on Higher Education and Disability (NC-AHEAD) conference in order to promote services and assist in training of local campus personnel or to coordinate federal ADA requirements for the System Office as a state agency. **Outcomes:** staff delivered seven workshops on diversity issues or special population's issues to 300+ participants.

3. Provide program oversight, training, coordination, and conference planning and consulting to the Minority Male Mentoring Program, which is administered on (6) Community College Campuses. The purpose of this program is to increase graduation and retention rates among minority males within the Community College System. **Outcomes:** Approximately 90 male students are currently participants in the program. A Minority Male Mentoring Best Practices Conference has been planned and approximately 200 individuals have pre-registered.

STUDENT LEADERSHIP:

Provide student government leadership workshops, conduct advisor training, support board meetings, assist with transition of student administration, provide continuity of operations, oversee fiscal affairs and coordinate conferences for the NC Comprehensive Community College Student Government Association. **Outcomes:** Over 400 students and advisors provide the campus leadership and communication systems necessary to support active local student government organizations. Moreover, these student leaders contribute to their communities through civic and governmental participation as a result of their experiences with campus and state student government training.

STUDENT PROGRESS MONITORING:

1. Participate in regular development and training sessions for the ACS/Datatel Colleague System to oversee admissions, financial aid, records/registration, career planning/placement and student information systems for management of student records. The student information system funded by the NC General Assembly for the 59 institutions is the primary tracking and monitoring system for 800,000+ students enrolled on the campuses. Staff members provide practical knowledge on Student Development processes that is required to develop the software. Training is scheduled on campuses with facilities large enough to accommodate the required development teams.
   Outcomes: Eight pilot campuses have already implemented the Datatel System and other NC Community Colleges are scheduled to implement the system in Spring of the 2005 year. Ongoing training is critical throughout the year as plans are to convert all (58) colleges to Datatel by year 2007.

COLLABORATIONS:

1. Provide counselor information sessions to public school counselors in collaboration with the University of North Carolina system (UNC-GA) as agreed under the Adams vs. Califano consent decree and provide collaboration in the following areas:

   a). Provide state level coordination of community college support in administering the ASSET or Accuplacer tests to high school vocational completers for documentation needed by the NC Dept. of Public Instruction;
   b). Provide board representation and state level coordination of services by community colleges for the NC Model Teachers Education Consortium for assisting public school paraprofessionals to complete college transfer programs at the community college level and bachelors degree programs that lead to teacher credentials; and
   c). Collaborate with UNC-GA to implement the PATHWAYS program including training for the CFNC website to increase the college going rate of 7th through 12th graders in community colleges, public and private universities;

Outcomes: Over 1200 middle and high school counselors received information on community colleges that can be used to support high school-to-community college articulation agreements, tech prep agreements, career planning and college selection by public school students; 20,000 high school students tested using ASSET/Accuplacer in spring 2005; more than 27 community colleges provide college transfer programs for public school employees who may become teachers in their communities; 58 campuses have designated personnel to receive admissions applications through the CFNC Redirection Program and have received training manuals and/or hands on experience with the College Redirection website; a total of 600 students placed themselves in the redirection pool during the previous year. All students are guaranteed an admissions letter from at least one school. Community colleges have been able to provide a viable college option for students who are not admitted to four-year colleges.

Justification for Travel
Program Services

The Program Services section of the Division of Academic and Student Services requires travel for the following purposes:

- **Curriculum Program Applications:** It is the responsibility of the Program Services section to assist the colleges in the development and implementation of curriculum programs. The staff works with the colleges and industry to develop curriculum programs and continuing education courses that meet local industry training needs to assist in the economic development of the local communities. In order to provide the necessary information and assistance, the staff must travel to the local colleges to meet with college staff and industry representatives to determine the best way to address their training needs, whether it should be via curriculum programs or short-term continuing education courses. This is done to make sure the staff has regional programs that serve a large population and the staff reduces the need for duplicating high cost programs. **Outcomes:** The staff processed 46 curriculum applications for the year 2004 and has processed 24 curriculum applications thus far in 2005.

- **Combined Course Library (CCL):** It is the responsibility of the Program Services staff to maintain the system's Combined Course Library (CCL) to make sure that curriculum courses that are offered through the North Carolina Community College System (NCCCS) are up-to-date, are not duplicative, and are designed to teach specific job competencies. This requires meeting with groups of instructors and industry representatives to ensure that the information in the courses is accurate and that the courses meet all of the State Board of Community Colleges requirements, according to the administrative code and procedures approved by the State Board. **Outcomes**: The staff consulted on and reviewed for Curriculum Review Committee (CRC) action 40 new courses and 121 revisions to CCL courses in 2004; the staff has reviewed 21 new courses and 90 course revisions in 2005. The staff reviewed 53 new courses as part of five "new to the system" program curriculum standards and revision of 41 curriculum standards for 2004; four "new to the system" program curriculum standards and revision of 25 curriculum standards have been reviewed to date in 2005. An additional 153 courses are being reviewed for 2005 as part of a system-wide Curriculum Improvement Project. This project also proposes seven curriculum standard revisions and the addition of two concentrations to current curriculum standards. This requires extensive travel by Program Services staff to ensure the proper operation of the program and the expenditure of State funds.

- **Electronic Programs of Study:** It is the responsibility of the staff to review and approve electronic programs of study. The software system used by the system requires colleges to load their curriculum programs into a database so the program auditors for the system can evaluate courses and programs for compliance with the

requirements of the CCL and the curriculum standards approved by the State Board. It is the responsibility of the Program Services section to provide staff development for college personnel on entering their programs into the software and in resolving problems that may arise with their programs. This requires travel to the local institutions to address their individual problems. Failure to enter the information correctly may lead to audit exceptions, inaccuracies in reports to the System Office and the Legislature, and/or college loss of FTE-generated funds. **Outcomes:** The staff reviewed 1,506 programs of study for the colleges in 2004 and has reviewed 246 from January 1, 2005, through March 21, 2005.

- **Curriculum Review Committee (CRC):** The CRC was approved by the North Carolina State Board of Community Colleges to review requests from the colleges to add new courses to the CCL or to revise existing courses. The CRC is composed of presidents and chief academic officers representing community colleges across the state. Program Services staff is responsible for performing all work in preparation of the committee's review. This includes reviewing requests from colleges, consulting with colleges concerning revisions and the development of new courses, preparing meeting agendas, preparing meeting materials, keeping minutes, and reporting results of the meeting to the CRC's biannual meetings. The results of the committees' actions are reported to the Board. If Board action is required, any additions or changes are posted in the CCL and on the system web page. **Outcomes:** The committee met twice last year and voted on 40 new courses and 121 revisions to courses to the CCL.

- **Critical Success Factors:** It is the responsibility of the Program Services section to:

    1. **Monitor Passing Rates on Licensing and Certification Examinations:** The staff is responsible for monitoring passing rates of students who graduate from community college programs. If scores are not at the levels set by the State Board, the staff is responsible for collaborating with the individual colleges to write a plan for improving the test scores. This may include traveling to individual colleges and reviewing curriculum programs and laboratory facilities. The purpose of this to ensure the community college graduates receive the training necessary for them to successfully pass these licensing and certification examinations on their first try. If the college fails to meet expectations there is the risk of having the programs closed by the State Board. **Outcomes:** There were 14 colleges that met all State Board expectations and 44 community colleges that fell below State Board expectations for the first-time test takers for licensure or certification.

    2. **Other Critical Success Factors:** The staff is responsible for working with all 59 institutions concerning those critical success factors that relate to curriculum programs that do not meet expectations. The staff sometimes must travel to the community colleges to work with individual instructors,

department chairs, chief academic officers and presidents to develop plans to resolve issues as to why expectations were not met. **Outcomes:** The outcomes of the meetings are that the community college can attain the State Board's expectations. In meeting the requirements of the Critical Success Factors, the community college can maintain its program to be eligible for a part of carry-over monies at the end of the fiscal year. Program Services staff is responsible for working with colleges to meet these standards and traveled to six colleges to do complete college-wide program analyses in 2004.

- **Occupational Boards, Advisory Committees, and Associations:** The staff is responsible for representing the NCCCS president on various licensing and advisory boards, as well as representing the system at accrediting agency meetings. It is the responsibility of our staff to ensure that the position of the president and/or the State Board is represented at these meetings. This requires staff to travel to these meetings. The decisions of these boards can greatly impact the system's curriculum programs, continuing education courses, or policies and procedures adopted by the State Board. **Outcomes:** All staff members represent the System Office on occupational boards for the president or represent the NCCCS.

- **Articulation with the University of North Carolina (UNC) System and the Department of Public Instruction (DPI):** The staff is responsible for developing the details of the articulation agreements with the UNC System and the DPI to ensure that Legislature requirements for a seamless educational system for the citizens of North Carolina are being met. This involves travel to meet with university representatives and faculty to develop specific courses and policies that will make such a transition possible. The same is true with the DPI. The staff meets with representatives from DPI, community college instructors, and high school instructors to work out the details of classes that will transfer from the high school into community college programs. The results of these efforts are a seamless education path for students from high school to community colleges to the universities. **Outcomes:** The Comprehensive Articulation Agreement with the UNC System outlines the articulation of the Associate of Science (AS), Associate of Arts (AA), and the Associate of Fine Arts (AFA) transfer programs along with the courses in each program. The North Carolina High School to Community College Articulation Agreement with the DPI lists the courses that will transfer from the state high schools to any community college that is approved to offer programs containing these courses. There are 22 program areas and 88 courses that are currently articulated.

- **Prison Education:** The staff, in conjunction with the Department of Prisons, reviews and evaluates prison education programs as a part of the Cooperative Agreement between the two agencies. This cooperative agreement was developed in response to concerns expressed by the General Assembly about prison education programs. This requires staff to travel to the sites of these programs to ensure that programs in the prisons are meeting the educational needs of the inmates, that

proper procedures and policies are being followed, and that instruction monies are being spent appropriately. **Outcomes:** The staff visited nine prisons in 2004 and consulted with the colleges and the Department of Prisons staff to review and update several programs in the prison system.

- **Distance Learning:** The Program Services Section provides for the development, maintenance and supervision of the System's Distance Learning initiative. It is critical for staff to travel to various colleges that are hosting course development and editing centers to ensure consistency in the development of courses and to maximize the opportunities provided by the federal and state monies. These centers develop new online courses and revise existing courses to ensure that the current industry competencies are being taught. There are a number of projects with the University of North Carolina System that involve Distance Learning that require travel to meet with university representatives to articulate courses and programs. **Outcomes:** The staff made 17 trips in 2004 to visit centers and hold regional meetings.

- **System-Wide Conference:** The System Office provides two and one-half days of staff development to the personnel of the North Carolina Community College System every two years. The Program Services staff is responsible for organizing, arranging, and overseeing this conference. The next conference is scheduled for October 2006, with planning for the conference to begin in August 2005. The staff must travel to make arrangements for this conference, set-up the facilities, and organize the program for the conference. **Outcomes:** Approximately 2,796 + instructors, community college administrators, and other staff members attended the October 2004 conference.

Justification for Travel
Proprietary Schools and Resource Development Office

Travel for this office can be placed in the following three categories:

- **Conferences and workshops:**
  The purpose for attending essential conferences is to report statewide community college efforts to the assembled conference and to become knowledgeable of programs, policies, and trends that affect our programs. Only conferences deemed essential to the mission of this office are attended. This office has been active in the planning of certain conferences, as well as, involved in providing workshops and presentations.

- **Committee, Team and Board Meetings:**
  The purpose of attending committee/team meetings is to represent the community college system in these mission essential committee/team meetings. In most cases, meetings have been held in Raleigh to avoid travel costs. These committees/teams provide expertise to the 58 community colleges of the NCCCS in areas of foundation management, grant writing, planning, and other resource development issues. Others are essential to the effective regulation of proprietary school licensing.

- **Licensing Site Visits and Audits of Proprietary Schools:**
  G.S. 115D-89 mandates that this office conduct annual audits of the NC proprietary schools. Audits have been performed in compliance with state law and regulations

Outcomes involving travel:
From March 2004 to March 2005 this office has accomplished/organized the following:

- 10 Workshops; approximately 300 participants
- 11 Technical Assistance Visits; approximately 30 persons
- 14 Initial Proprietary School License Site Visits
- 32 Proprietary School Audit Visits
- 6 State and National Conference Presentations; approximately 200 participants
- 13 Board and Executive Committee Meetings for advisement and collaboration

PROGRAM: Travel Expense – Economic & Workforce Development (Accounts 5327XX)
CURRENT GENERAL FUND APPROPRIATION: $58,606
PERCENTAGE OF DEPARTMENT BUDGET: .55% **PERCENTAGE OF DIVISIONAL BUDGET:** 5.22%
YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $20,201
FUND BALANCES REMAINING: $38,405
PURPOSE AND GOALS OF PROGRAM: Travel expenses for the Division of Economic and Workforce Development is linked to the mission of the North Carolina Community College System for the purpose of supporting North Carolina's community colleges to provide high quality, accessible training and services that enable North Carolinians to acquire knowledge and skills to obtain and maintain prosperous career opportunities and enhance their quality of life, and provide North Carolina business and industries with a world-class workforce and a competitive advantage as a result of their presence in North Carolina.
RESULTS AND OUTCOMES OF PROGRAM: See attached Results and Outcomes
DATE OF ORIGINAL GENERAL FUND APPROPRIATION: Historically in Continuation Budget
NUMBER OF FULL- AND PART-TIME POSITIONS: 14.0
PROGRAM DIRECTOR: J. Larry Keen

ECONOMIC AND WORKFORCE DEVELOPMENT DIVISION
CUSTOMIZED TRAINING REGIONAL DIRECTORS

Travel – Requirements/Justification

The vitality of the economic environment is dependent, in large part by the on-going capacity of the workforce to train and retrain for dynamic changes in the job structure in every private and public organization in North Carolina. The Division is the one most directly connected to the creation, expansion and retention of jobs in the State due to the nature of the interaction with a wide variety of business and economic development operations statewide. The ability to travel where the decisions regarding these opportunities are made, is crucial to establishing and maintaining the contact with both the creators of the jobs and those that provide the delivery of the training and other services necessary for successful job creation and economic vitality in North Carolina.

For the Division to successfully conduct in-state and out-of-state visits to prospective businesses and industrial clients for the purpose of explaining and interpreting the customized training services, support, incentives, partnerships, and other educational opportunities available to them through the North Carolina Community College System. Division staff are required to travel to in the New and Expanding Industry Training Program (NEIT) and the subsequent creation of new job opportunities in North Carolina. In addition, we must conduct regular monitoring visits of all training projects in each designated region for quality and consistency of program delivery. Finally, we conduct company exit interviews and complete project termination forms upon completion and/or termination of training projects.

The demonstrated expertise provided to develop and deliver presentations to local, regional, and state groups/organizations when needed on industry-related program and services related to NEIT is the methodology required to inform and persuade job creators of the availability and applicability of the training program to their requirements.

The Focused Industrial Training Program (FIT) Directors must meet FIT Coordinators within designated regions to review progress of programs relative to plans and monitor FIT expenditures. Subsequent reports are required to keep up-to-date accounting of the programmatic delivery and fiscal accountability for the service to existing North Carolina businesses. These companies may not be expanding employment but they are actively retaining employees in North Carolina.

Division staff represent the Economic and Workforce Development Division and the North Carolina Community College System at various workshops, meetings, conferences, task forces, etc., based on designated industry sectors for both the emerging and existing categories.

The Vice President and Regional Training Directors regularly interact with community college presidents and the Economic Development staff from local colleges, as well as state, regional,

and local economic developers and business consultants. We must frequently travel by auto and air to observe jobs performed at the companies to determine the exact training requirements.

The requirements of the Division to expand jobs in existing North Carolina companies statewide and to create new job opportunities for North Carolinians is of extreme importance and cannot be accomplished by stationary behavior within the office walls. It takes consistent interaction at the point of contact with the business owners and economic development staff where we can communicate and persuade those decision-makers of our ability to fulfill their workforce requirements. The inability to do so will result in a reduction of jobs within our State and less vitality in our economy for both the short-term and long-term outlook.

In summary, our ability to travel is a key ingredient in the success we enjoy in retaining existing jobs for existing industries via the FIT program and, in addition, stimulating the growth and development of new jobs in a very dynamic economic environment.

SMALL BUSINESS

Travel Justification

The purpose of the Small Business Center Network (SBCN) is to contribute toward the creation of new entrepreneurial ventures that generate "new" jobs and businesses in North Carolina. Frequent contact, leadership and enhanced focus on these priorities require a consistent presence in the field to generate the attention, action and fulfillment of the economic growth and development of these business sectors.

The State Small Business Center (SBC) Program Guidelines, as adopted by the State Board, require that the State Director oversees program services and quality, and regularly evaluates the performance of each SBC. Each SBC Center is to be evaluated at least every four years. Evaluations are currently behind schedule. One Center has never been evaluated. As the new State Director, one of my priorities is to aggressively proceed with these evaluations to determine how to boost the services and the image of each center, as well as improve the performance of the state's network. This will require significant statewide travel.

SBCN Professional Development is a priority of the North Carolina Community College System (NCCCS) System Office. There are three regions, each of which meets three times per year. An annual state conference is held in August. Additional opportunities for professional development are being pursued as we network with the NC Military Business Center, the BioNetwork BioBusiness Centers, the Department of Agriculture, the Department of Commerce, the Small Business Administration and other agencies and organizations. Travel is required to explore these relationships and make the information available to all SBC's. As mandated, the State Director must coordinate regional initiatives to enhance program development; all of these initiatives involve extensive statewide travel.

The SBCN State Advisory Committee is responsible for making policy recommendations to the NCCCS State Board regarding policies and activities of the SBC. The State Director is responsible for the planning and coordinating of all the activities of this committee. These activities require significant state travel.

The President of the NCCCS and the Vice President of Economic and Workforce Development have determined that increased efforts must be made to boost the effectiveness and visibility of the SBC Network. Additional funding, including external funding, must be sought. The accomplishment of these goals will require extensive travel, both in state and out of state.

CONTINUING EDUCATION

Travel Justification

The Continuing Education (CE) and Workforce Development responsibilities of the North Carolina Community College System are directly related to the economic prosperity of the State's people and her business enterprises. In addition, the responsibilities to numerous licensing agencies ranging from Allied Health, Law Enforcement and Public Safety, Fire and Rescue, Emergency Medical Services, Electricians, Plumbers and a host of others requires frequent contact, understanding and attention to the specific requirements for initial certification and rectification of the workforce. The only method by which the education and training of the workforce can be accomplished is a working relationship with these customers and their training providers.

At the local levels the information disseminated to the Community College Deans and other relevant personnel requires travel to predetermined quarterly meetings in the Eastern, Central and Western Deans' Meetings throughout the year. It is crucial that information regarding current and anticipated programmatic and regulatory information is communicated and answers provided to these leaders at the local levels. In addition, information is distributed from regulatory organizations as it relates and impacts the course offerings in continuing education.

The responsibilities of serving as the representative and liaison for the Senior Leadership team requires frequent travel and subsequent representation on external boards or commissions as required by law to effectively represent the system regarding our contributions to the overall economic development and retraining requirements of the State's workforce. This involvement contributes to the sustainability of the human capital necessary for the human infrastructure that is crucial to the retention, expansion and improvement of jobs in North Carolina.

Quality Control is another requirement of the staff in these positions as it relates to Program Analysis for Continuing Education and other programmatic duties. The on-site visits, review and written recommendations for improvement are prepared for institutional improvement and enhancement of programs in a variety of areas. The staff contributes significantly to their area of expertise as it relates to the quality, frequency and focus on quality programming necessary for overall community college success in ensuring a prepared and effective workforce.

To reiterate, the importance of being a consistent participant and leader in the external organizations, such as emergency and health services boards/commissions, governmental agencies, professional organizations representing business and industry groups, licensing/certifying bodies and many others provides our System with the insights, information and relationships required to leverage the skills, training and outcomes necessary for a strong workforce in a changing economy.

To hamper the staff's abilities to accommodate the diverse and frequent demands for their presence would harm our ability to contribute to the ongoing requirements to train and retrain

both the private and public constituents for whom we are responsible statewide. If these services cannot be maintained we will suffer from the inability to continually upgrade the skills, abilities, and behaviors of the workforce in both the private and public arenas and that would prove disastrous to the State's workforce, business community and governmental services consistent with our mission.

Human Resource Development

Travel Justification

The Human Resource Development (HRD) program staff provides an important role in accommodating the needs of the displaced workforce as it transitions to other employment due to relocations, terminations, or any reason for which unemployment is a reality. The audience served consists of those with fewer skills academically and professionally, but also in today's environment, those with professional credentials and experiences are a new element to be served by HRD.

The unit is required to provide on-site Technical Assistance, consultation and/or written recommendations regarding the operation of the HRD program for the purpose of improving the outreach/recruitment efforts, effective instructional content/delivery, career counseling, job placement and student follow-up consistent with programmatic requirements. The quality control efforts and the ability to measure the level of services provided to the clients serviced is of paramount importance in both stimulating an effective transition for the students to the training and workplace in the most efficient manner possible.

HRD policy approved by the State Board of Community Colleges requires that all community colleges will receive a monitoring and evaluation visit from the HRD office every six years for the purpose of evaluating the quality and applicability of the programs offered. Typically eight to twelve community colleges receive the visits each year and failure to complete the visits could compromise the quality and focus required of the program. Ultimately, this could create negative consequences for the students served in the programs and the programmatic resources as well.

Keeping up with the nature of the changes encountered in both the JobLink Centers and the overall modifications present in a changing economy are an important element in fulfilling the mission of the Community College System and the HRD program. Professional Development for the field staff is of great importance if they are to maintain the services to a clientele that has doubled in the past four years to over 63,000 student enrollments. The HRD System Office staff is charged with the responsibility of conceptualizing, organizing and delivering the in-service training sessions each a year for the purpose of providing new relevant information, processes and tools to the HRD staff at the local community colleges statewide.

The overall impact of reducing the travel requirements would be to compromise the ability of the System's HRD program to fulfill the needs of the most vulnerable segment of the populations we serve (the displaced) to receive the training, counseling and placement services necessary for effective re-employment into the workforce. This would have negative impacts on a wide variety of people who need the assistance, encouragement and guidance required to effectively re-engage the economy in a productive manner, thus providing contributions to the economy as opposed to having to withdraw resources from it. Our success in fulfilling this mission is an important product and service of our system and should not be compromised.

CELLULAR PHONE SERVICES

PROGRAM: Cellular Phone Services (Account 532814)

CURRENT GENERAL FUND APPROPRIATION: $3,700

PERCENTAGE OF DEPARTMENT BUDGET: .03%

PERCENTAGE OF DIVISIONAL BUDGET: All divisions included - .03%

YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $2,467

FUND BALANCES REMAINING: $1,233

PURPOSE AND GOALS OF PROGRAM: The following positions within the System Office have cellular telephones available to conduct state business:

System President
Executive Vice-President & Chief Operating Officer
Assistant to President for Governmental Relations
Vice-President of Economic & Workforce Development

RESULTS AND OUTCOMES OF PROGRAM: To increase productivity and have the ability to respond immediately to critical issues or concerns involving the Community College System.

DATE OF ORIGINAL GENERAL FUND APPROPRIATION: July 1, 1995

NUMBER OF FULL- AND PART-TIME POSITIONS: 4

PROGRAM DIRECTOR: H. Martin Lancaster

FURNITURE AND EQUIPMENT REPLACEMENT SCHEDULES

PROGRAM: Furniture and Equipment Replacement Schedules – Executive Division (Accounts 534500 to 534550)
CURRENT GENERAL FUND APPROPRIATION: $3,455
PERCENTAGE OF DEPARTMENT BUDGET: .03% **PERCENTAGE OF DIVISIONAL BUDGET:** .23%
YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $478
FUND BALANCES REMAINING: $2,977
PURPOSE AND GOALS OF PROGRAM: To provide new or replacement furniture and equipment for the Executive Division.
RESULTS AND OUTCOMES OF PROGRAM: Replaced broken fax machine in Governmental Affairs Office. Replaced office furniture including a workstation for the Executive Assistant in the President's Office.
DATE OF ORIGINAL GENERAL FUND APPROPRIATION: December, 2004
NUMBER OF FULL- AND PART-TIME POSITIONS: N/A
PROGRAM DIRECTOR: H. Martin Lancaster

PROGRAM: Furniture and Equipment Replacement Schedules – Administration (Accounts 534500 to 534550) (Excludes College Information System and Data Warehouse)
CURRENT GENERAL FUND APPROPRIATION: $64,450
PERCENTAGE OF DEPARTMENT BUDGET: .61% **PERCENTAGE OF DIVISIONAL BUDGET:** 1.51%
YEAR-TO-DATE EXPENDITURES AS OF 12-31-04: $1,576
FUND BALANCES REMAINING: $62,874
PURPOSE AND GOALS OF PROGRAM: See attached Purpose
RESULTS AND OUTCOMES OF PROGRAM: See attached Results
DATE OF ORIGINAL GENERAL FUND APPROPRIATION: Historically in Continuation Budget
NUMBER OF FULL- AND PART-TIME POSITIONS: N/A
PROGRAM DIRECTOR: Saundra Williams

Information Services Equipment Budget Results

A. Data Center Equipment

1. Description: Network Switch Replacement
   Budget Amount: $30,000
   Purpose: Replace the Main Switch on the Third Floor (Location of Computer Room).
   Results: The current switch is four years old and is at capacity. We have increased the number of users in the basement in support of the CIS project and additional users in the Economic and Workforce Development Division. This has overloaded the network. A new main switch will allow us to balance the network and setup additional network security as well as make better user of our 5MB pipe.

2. Description: Firewall Server
   Budget Amount: $10,000
   Purpose: Buy and implement a firewall server for the System Office.
   Results: The System Office was cited on our last EDP Audit for not having a firewall. A firewall server is required to resolve this audit finding.

3. Description: Novell Server Replacement
   Budget Amount: $3,100
   Purpose: Replace two Novell Servers Supported by ITS.
   Results: This is the scheduled replacement of these two servers with new servers that will have lower maintenance cost and new functionality that will improve data access and backup operations.

Data Center Equipment Subtotal: $43,100

B. System Office IT Equipment

1. Description: Desktop Computers
   Budget Amount: $20,000
   Purpose: Replace 3-year old systems.
   Results: Replace 21 desktops in the training center that are no longer covered by a warranty and no longer have sufficient memory, disk capacity, and processor speed to effectively run XP which is required by software used in class.

2. Description: Replacement batteries for APC UPS 500's
   Budget Amount: $1,350
   Purpose: Replace old Batteries in UPS units.
   Results: Replaces batteries that have worn out.

System Office Equipment Subtotal: $21, 350

SPECIAL FUND CASH BALANCE AS OF DECEMBER 31, 2004

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Modified Zero-Based Budgeting Approach

Following is a description of the special fund cash balances listed on the Joint Appropriations Subcommittee's modified Zero-Based Budgeting Approach dated March 9, 2005, item 13 as follows:

13. Special fund cash balances (2xxxx budget codes)

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Special Fund Cash Balance as of December 31, 2004

Program	Description	Cash Balances
Motorcycle Training	Receipt supported program through the additional $3.00 tax imposed on each private motorcycle registered with the Division of Motor Vehicles. The receipts support a statewide motorcycle safety instruction program delivered in accordance with NC General Statutes Article 6A, Section 115D-72.	$668,228
Worker Training Trust Fund	Receipt supported programs from the Worker Training Trust Fund to fund a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises; and, funding for the Hosiery Technology Center. [House Bill 1414, Section 13.7B.(f)]	$221,071
Training Initiatives	Receipt-supported programs from the carry forward of unexpended funds appropriated for the 2003-2004 fiscal year from the Worker Training Trust Fund to the Community College System Office, Bureau of Training Initiatives. These funds shall be used for pilot programs that support the retraining of the existing workforce in new skills related to specific industry sectors. The purposes for which these funds may be used in the pilot programs include targeted assessments, training equipment, software, third-party trainers, and supplies and material costs. [House Bill 1414, Section 8.7.(a)]	$241,859
Inmate Education Program	State funding from the Department of Correction to contract with small community colleges who could not afford to provide education and training for inmates.	$1,256,389

Program	Description	Cash Balances
HB 275 – Training and Employment	Receipt supported programs from the mandatory training and reemployment contribution levied upon employers in accordance with the 1999 Session of the General Assembly, House Bill 275. Funds are used for non-reverting equipment and technology; non-reverting start-up funding for regional and cooperative initiatives; New and Expanding Industry Training programs; and, enhancing Focused Industrial Training programs.	$22,459,969
Proprietary Schools	License and renewal fees received by a proprietary trade school, proprietary technical school, proprietary business school, or correspondence school in accordance with Article 8, 115D-92. Funds are used to support administrative costs including costs associated with the investigation of all schools applying for a license, or the inspection of all licensed schools.	$103,204
Biotechnology Training Initiative	Grant from The Golden LEAF Foundation to strengthen the biotech training infrastructure throughout North Carolina – BioNetwork. BioNetwork includes: a Biotechnology Office, five lead community colleges, a mobile biotechnology laboratory, dedicated space at the BTEC and two special purpose funds for equipment/facility and curriculum enhancements.	$1,076

Program	Description	Cash Balances
Jobs for the Future	Grant from the Jobs for the Future to increase the success rates for underserved students and community colleges. The initiative promotes changes at five levels: 1. To promote and support institutional change at community colleges; 2. To develop supportive state and national policies; 3. To engage the public to support community college access and success; 4. To build knowledge about strengthening student outcomes at community colleges; and, 5. To enhance the capacity of national organizations to work long term for improved student success.	$75,000
	TOTAL SPECIAL FUND CASH BALANCE (26800 Budget Code):	**$25,026,796**

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Special Fund Budgets and Expenditures for the
Period Ended December 31, 2004

Program	Budgeted	Expended	Balance
Motorcycle Training	$437,145	$90,352	$346,793
Worker Training Trust Fund	400,000	178,929	221,071
Training Initiatives	259,208	17,351	241,857
Vocational Education	14,134,900	2,494,915	11,639,985
Inmate Education Program	1,256,390	150,107	1,106,283
Public Health Preparedness	323,372	174,155	149,217
Workforce Investment Act	4,824,807	844,864	3,979,943
W.K. Kellogg Foundation	397	397	-0-
HB 275 Training and Employment	24,857,077	2,397,107	22,459,970
The Golden LEAF – Biotechnology Planning Grant	25,000	25,000	-0-
Minority Male Mentoring	192,888	11,809	181,079
DET – National Emergency Grant	101,073	100,972	101
DTI Associates, Inc.	103,977	7,088	96,889
Career Start	1,735,311	112,796	1,622,515
Biotechnology Training Initiative	8,617,603	154,097	8,463,506
Thai Entrepreneurship Program	31,978	27,019	4,959
Jobs for the Future	75,000	-0-	75,000
Proprietary Schools	43,471	15,098	28,373
TOTAL:	**$57,419,597**	**$6,802,056**	**$50,617,541**

HOPKINSJ\Alice Budget Info\Special Fund Budgets and Expenditures.doc

VISITOR REGISTRATION SHEET

2:00 pm

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 3/23/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Marcus Davis	NCAE
Dave Powers	Environment
Alice W. Smith	Community Colleges
Ken Byrd	"
Hal Miller	NCAccT
Joel Maynard	Char/Meck Schools
Andrea Payne	Edmisten & Webb

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 3-23-05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Katherine Joyce	NCASA
Molly Ryan	NCSBA
Arthur E. Helmsley	NCCCSO
Robert Blackmon	NCCCS
Sandra Williams	NCCCS
Jim Ayers	SBE / DPI
Tripp Mellon	Intern
Elizabeth Swaost	OSBM
Bryan Conrad	OSBM
Jo Ann Norris	Public School Forum

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 3-23-05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	NCICU
JB Buxton	Gov's office

Attachment 4

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM



"An Assessment of the Impact of Reducing the North Carolina Community College System Formula Budget by Four Percent (4%)"

H. Martin Lancaster
System President

Kennon D. Briggs
Division of Business and Finance

March 23, 2005

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♦ The Impacts of a $29.4 Million Permanent Budget Reduction

♦ College-by-College Fiscal Impact and Equivalent Loss of Faculty Positions

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The Process of Assessing the Impacts of Reducing the Budgets By 4%

On Thursday March 17, 2005 the System President and Vice President for Business and Finance received a written communication from the Fiscal Research Division. The purpose of the communication was us that the Joint Education Appropriations Sub-Committee Co-Chairs "are seeking agency input into the budgeting process, and are requesting option lists from each agency for 4% reductions." We were directed to provide a list of our recommendations to the Fiscal Research Division by Wednesday March 23, 2005. Finally, we were instructed to "prioritize our reductions in order from those with the least impact on the citizens of North Carolina and our agency to those with the greatest impact."

Usually the System President and Division of Business and Finance have a longer period of time with which to assess the impact. As such, the System Office usually engages the North Carolina Association of Community College Trustees and Community College Presidents for their input. This is done through the use of a "survey instrument."

In lieu of the survey assessment process, given the short turn-around time, the System President conferred with the Vice President of Business and Finance his preferences for budget reductions. In turn, the same conversation was held with the leadership of the Community College President's Association. The System President also advised the State Board of Community Colleges on Friday March 18, 2005 that budget reductions were imminent.

All parties were in agreement that following the budget reductions of the past four fiscal years and the substance of the State Board's "2005-2007 Expansion Budget Request, that there were options that could not be considered.

What follows is the evaluation and assessment of the negative impact of reducing the Community College System Budget by 4%. We believe that this complies materially with the March 17, 2005 communication.

Assumptions and Decisions Made in the Assessment

"Methodology"

Exclusions

☒ **No Economic Development Activities:** According to Sections 16.3 and 16.7 of Chapter 507 of the 1995 Session Laws, "*The North Carolina Community College System is designated as the primary lead agency for delivering job training, literacy, and adults education programs in the state.*" This work is accomplished through such programs as New and Expanding Industry (NEIT), Focused Industrial Training (FIT), Occupational Continuing Education (OCE), and the Small Business Centers (SBC) and which are administered by all fifty-eight community colleges. Whether it is NEIT for companies seeking to relocate to or grow within the state; FIT for companies and businesses that seek to upgrade technology, preserve existing jobs and remain competitive; OCE for short term, non-credit skills training for re-entry or advancement in the marketplace; SBC's to assist entrepreneurs who seek to start a new enterprise, the NCCCS uses these training services to respond quickly and in an exemplary fashion to needs of business and industry. The 2004 Session of the General Assembly strengthened both NEIT and FIT, and the State Board has requested additional funding for both OCE and SBC's. **Therefore, no reductions have been offered.**

☒ **No Equipment or Book Reductions:** The State Board of Community Colleges has included in its *"2005-07 Expansion Budget Request"* a section entitled "Equipment Funding." As a result of the loss of House Bill 275 funds, unprecedented enrollment growth of approximately 40,000 FTE's since 2000, and the building and renovation of over 250 facilities with 2000 Higher Education Bonds, the NCCCS has a backlog of over $231 million of equipment needs. The system receives $21.3 million per year for allocation to fifty-eight colleges. In addition, there is only $2.6 million available to allot to fifty-eight colleges for library resource materials. **Therefore, the base funding for equipment and library books has been excluded from budget reductions.**

☒ **No Academic and Student Support Functions:** Between Fiscal Years 2002 and 2004, the NCCCS lost $11.5 million in recurring appropriations for direct academic and institutional support services. These funds have not been replaced. In addition, there was an $11.2 million reduction in per student funding in FY 2003-04, one-third of which was taken from this area. The base allotment was permanently reduced by 2 positions (from 30 to 28). The NCACC Presidents "ranked" as their fourth highest priority for the 2005-07 biennium the item "Instructional Support Personnel." The budget request for this item is $16.5 million. If funded it would add 58 counselor, 58 financial aid, 89.4 student technology, and 89.4 IT Security positions system wide. The American Counseling Association recommends a

counselor to student ratio of 1:250. The NCCCS small and mid-size colleges operate with two counselors to serve up to 2000 curriculum students. Likewise, the number of Pell Grant recipients grew by 46,000 from 2000-2003. On a comparative basis (using 2003 IPEDS data) with other southern states, and all two-year, degree granting colleges in the nation, the NCCCS is substantially behind in the percentage of expenditures devoted to academic and student support functions. The State Auditor continues to have concerns about I.T. Security at each campus, particularly staffing. For these reasons, **no reductions have been offered in this area.**

☒ **No College Information System (CIS) or Financial Aid Reductions:** The NCCCS is in the fifth year of implementing the largest comprehensive management information system in the nation in higher education. The General Assembly has recognized it as such, and provided that appropriations ($15 million per year) for the project shall not revert (Section 8.9 of Session Laws 2003-284). Thus far, the System has successfully implemented the Financial and Human Resources modules, and is one-fourth completed with the implementation of the Student module. The full appropriation is required for the 2005-07 biennium to complete the project.
In addition, the Constitution of the State of North Carolina requires that Escheat Funds be used only for financial aid purposes Currently, the NCCCS receives $10.8 million per year to bridge the "gap" between Pell grants and the cost of attendance at a community college. **Therefore, the funds appropriated for both of these purposes have been excluded from the reductions.**

☒ **No Categorical Reductions:** The NCCCS allocates funds not only on the basis of multiple formulae, but funds are also allocated on a "categorical" basis. This means that some colleges receive these funds, while others do not. Some categorical allocations include federal funds. Examples of categorical funding allocations include Tech Prep, High Cost programs, Maintenance of Plant funds, the Hearing Impaired program, Compensatory Education for mentally disabled, Multi-campus Colleges and Off-Campus Centers, and Area Law and Fire Coordinators. General Statute 115D-5 requires the State Board of Community Colleges to allocate resources it receives "equitably." **Therefore, these special program allocations have been excluded from reductions.**

☒ **No System Office Reductions:** The North Carolina Community College System (NCCCS) has experienced unprecedented enrollment growth since 1989. Total enrollment has grown from 120,579 full-time equivalent (FTE) students to 190,000 FTE. The number of academic programs, each of which must be reviewed by System Office staff and approved by the State Board, has grown at a corresponding rate. In addition, passage of the Higher Education Bond Act of 2000, implementation of the College Information System at all fifty-eight colleges, and the initiation of the BioNetwork initiative have added workload to the System Office staff. During this same period, the System Office staff that provides academic support, governance, management, fiscal, information systems, and economic development activities has declined by 60 positions (24%), from 252 (1989) positions to 192 positions (2005). The System Office Budget has been permanently cut by $1.25 million in both personnel and operating expense. **Therefore, no System Office reductions have been offered.**

Assumptions and Decisions Made in the Assessment

Inclusions

☑ **The State Aid Formula – Curriculum Instruction:** The "State Aid Formula Budget Computation" for community colleges for fiscal year 2004-05 is $822.7 million. Of this amount, $559.3 million (68%) is instruction, $6.8 million (0.7%) is presidential leadership, and $256.5 million (31.2) is instructional (academic and student) support. The Community Services Block Grant is $1.2 million (.1%).

Of the amount that is instruction, the following are the amounts and percentages by program:

1.	Curriculum:	$439.5 million	(78.6%)
2.	Contracted Instruction:	$ 1.1 million	(0.2%)
3.	Occupational Con Ed:	$ 53.4 million	(9.5%)
4.	Basic Skills:	$ 64.0 million	(11.7%)

Therefore, because:

"Instruction" comprises the largest percentage of the budget (68.3%); and "Curriculum" programs are the largest percentage of instruction (78.6%),

One Hundred Percent (100%) of the reduction will be taken from Curriculum instruction.

Calculation of the Reduction

"Arriving at the Reduction Amount"

The budget reduction instructions that were sent in calculating the reduction directed that the beginning point for the reduction was the Fiscal Year 2004-05 Authorized Budget as of December 31, 2004. The Authorized Appropriation for the North Carolina Community College System as of December 31, 2004 was **$736,074,130.** This was arrived at as follows:

Budget Division Description	2004-05 Authorized Appropriation
System Office 1100 thru 1500 Funds	$25,771,041
(Delete College Information System Project)	($15,101,535)
State Aid Funds	$712,689,764
Focused Industrial Training & Specialized Technology Centers	$9,505,308
Reserves & Transfers	$3,118,552
TOTAL ADJUSTED BUDGET	**$736,074,130**

Therefore, pursuant to the instructions, a four percent (4%) reduction = $29,442,965

Once the amount was determined, and operating under the assumption that 100% of the budget reduction would be taken from Curriculum instruction, the next calculation was to determine how the reduction would be taken within curriculum instruction. The most palatable option was to take the reduction from the "Unit Value."

The Unit Value is an amount of money that accompanies one "Instructional Unit". It takes a compliment of 20.02 full time equivalent students (FTE) to earn one Instructional Unit. The Instructional Unit buys the equivalent of one full-time faculty position. The current Instructional Unit Value for Curriculum instruction for Fiscal Year 2004-05 is $44,268.

In order to achieve a permanent budget reduction of $29,442,965, it will be necessary to reduce the Curriculum Unit Value from $44,268 to $40,931, a reduction of $3,337 per unit (7.5%).

The Impacts of a $29.4 Million Permanent Budget Reduction

The most immediate impacts upon the North Carolina Community College System from a budget reduction of this magnitude would be:

- ✂ **The loss of full time Faculty positions**
- ✂ **The elimination of class sections**
- ✂ **Students Not Served**

The quantifying of these impacts are based upon the reality that each instructional unit represents the equivalent of one full-time faculty member, plus the benefits that accompany a full time employee. In addition, each full time faculty member teaches six (6) "class sections". Finally, the allocation ratio of one unit (full time faculty member) to twenty (20) full-time students is the basis of calculating "students not served". Therefore, the real impacts of the reductions are:

- 🕮 **The loss of full time Faculty positions = 548.6**
- 🕮 **The elimination of class sections = 3,291.6**
- 🕮 **Full Time Students Not Served = 65,832**

In other real terms, faculties are not always full time. As such, there would be **many more thousands of adjunct faculty that would not be hired.** Additionally, not all students are full time. In fact in curriculum programs, the ratio of headcount (students taking one or more classes) to full time students is slightly greater than 2 to 1. Therefore, **the likely headcount of students not served would be close to 132,000.**

Other impacts that would be felt that could not be quantified accurately within the short turnaround time for this report include:

- 🕮 Clerical support positions to faculty would be eliminated
- 🕮 No high-demand, job-ready instructional programs would be expanded to accommodate more students.
- 🕮 No new programs (biotechnology, health sciences, emergency services, and education) could be initiated.
- 🕮 Colleges would likely reduce instructional supplies and materials rather than completely eliminate faculty positions.

College by College Fiscal Impact and Equivalent Loss of Faculty Positions

College	Effect of 4% Budget Cuts	Equivalent Number of Positions At $53,660.69/position
ALAMANCE COMMUNITY COLLEGE	$613,385	11.4
ASHEVILLE-BUNCOMBE TECH CC	$863,282	16.1
BEAUFORT CO COMMUNITY COLLEGE	$272,236	5.1
BLADEN COMMUNITY COLLEGE	$234,753	4.4
BLUE RIDGE COMMUNITY COLLEGE	$318,052	5.9
BRUNSWICK COMMUNITY COLLEGE	$178,715	3.3
CALDWELL COMMUNITY COLLEGE	$565,677	10.5
CAPE FEAR COMMUNITY COLLEGE	$1,049,570	19.6
CARTERET COMMUNITY COLLEGE	$275,266	5.1
CATAWBA VALLEY COMMUNITY COLL	$701,985	13.1
CENTRAL CAROLINA COMMUNITY COL	$701,228	13.1
CENTRAL PIEDMONT COMMUNITY COL	$1,957,152	36.5
CLEVELAND COMMUNITY COLLEGE	$436,185	8.1
COASTAL CAROLINA COMMUNITY COL	$625,879	11.7
COLLEGE OF THE ALBEMARLE	$332,061	6.2
CRAVEN COMMUNITY COLLEGE	$417,254	7.8
DAVIDSON CO COMMUNITY COLLEGE	$499,416	9.3
DURHAM TECHNICAL COMM COLL	$682,675	12.7
EDGECOMBE COMMUNITY COLLEGE	$363,488	6.8
FAYETTEVILLE TECH COMM COLL	$1,444,106	26.9
FORSYTH TECHNICAL COMM COLL	$961,348	17.9
GASTON COLLEGE	$728,490	13.6
GUILFORD TECH COMM COLL	$1,286,593	24.0
HALIFAX COMMUNITY COLLEGE	$298,362	5.6
HAYWOOD COMMUNITY COLLEGE	$308,585	5.8
ISOTHERMAL COMMUNITY COLLEGE	$338,119	6.3
JAMES SPRUNT COMMUNITY COLLEGE	$239,674	4.5
JOHNSTON COMMUNITY COLLEGE	$577,415	10.8
LENOIR COMMUNITY COLLEGE	$421,797	7.9
MARTIN COMMUNITY COLLEGE	$166,219	3.1
MAYLAND COMMUNITY COLLEGE	$223,393	4.2
MCDOWELL TECHNICAL COMM COLL	$209,763	3.9
MITCHELL COMMUNITY COLLEGE	$341,527	6.4
MONTGOMERY COMMUNITY COLLEGE	$143,123	2.7
NASH COMMUNITY COLLEGE	$333,196	6.2
PAMLICO COMMUNITY COLLEGE	$74,591	1.4
PIEDMONT COMMUNITY COLLEGE	$388,476	7.2
PITT COMMUNITY COLLEGE	$925,000	17.2
RANDOLPH COMMUNITY COLLEGE	$339,634	6.3
RICHMOND COMMUNITY COLLEGE	$274,887	5.1
ROANOKE-CHOWAN COMMUNITY COLL	$170,006	3.2
ROBESON COMMUNITY COLLEGE	$379,012	7.1
ROCKINGHAM COMMUNITY COLLEGE	$308,585	5.8
ROWAN-CABARRUS COMMUNITY COLL	$812,924	15.1
SAMPSON COMMUNITY COLLEGE	$231,724	4.3
SANDHILLS COMMUNITY COLLEGE	$593,318	11.1
SOUTH PIEDMONT COMMUNITY COLLEGE *	$281,324	5.2
SOUTHEASTERN COMMUNITY COLLEGE	$366,138	6.8
SOUTHWESTERN COMMUNITY COLLEGE	$319,944	6.0
STANLY COMMUNITY COLLEGE	$317,293	5.9
SURRY COMMUNITY COLLEGE	$508,126	9.5
TRI-COUNTY COMMUNITY COLLEGE	$190,452	3.5
VANCE GRANVILLE COMMUNITY COLL	$647,840	12.1
WAKE TECHNICAL COMMUNITY COLL	$1,522,861	28.4
WAYNE COMMUNITY COLLEGE	$505,853	9.4
WESTERN PIEDMONT COMM COLLEGE	$423,690	7.9
WILKES COMMUNITY COLLEGE	$430,505	8.0
WILSON TECH. COMM. COLLEGE	$318,431	5.9
TOTALS	**$29,440,583**	**548.6**

4% Reduction Options
FY 05-06

Agency: N.C. Community College System

Priority*	Item	FY 04-05 Authorized Budget **	FY 05-06 Continuation Budget	Reduction	Brief Explanation
1	6931 Certificate Programs	$26,163,651	$26,197,198		
	6932 Associate Degree Programs	$398,752,496	$397,476,068		
	6933 Diploma Programs	$36,539,436	$36,581,589		
	6934 Transitional Programs	$6,709,248	$6,775,094		
	Curriculum Instruction	**$468,164,831**	**$467,029,949**	**($29,442,965)**	See Attachments

Total Reductions: ($29,442,965)

* Please prioritize recommendations based on impact to the citizens of NC and the agency, from minimum to maximum impact.

** As of December 31, 2004.

Other Impacts and Effects of Permanent Budget Reductions

The benchmark year is 2000 - the point in time in which the economy in North Carolina began to feel the most significant effects of trade-related job losses. This marked the beginning of a steep decline from several years of run-up in the information technology industry, the swelling of unemployment rolls, and displaced workers beginning to search for alternative ways to earn a living.

It is now fiscal year 2004-05. North Carolina continues to try to recover from a lengthy recession. Over 200,000 of its citizens are still out of work. Over the past five fiscal years, the Community College System has served over 44,000 additional FTE students. The real headcount number is much higher. The System has done so while taking permanent budget reductions of over $33 million, and reverting to the General Fund over $114 million. For the period 2000-2004, the per capita funding in the System declined by thirteen percent (13%).

Since the recession began in 2000, the North Carolina Community College System (NCCCS) has responded to unprecedented enrollment demands, while maintaining a high quality of instruction, evidenced by performance measures and other indicators of quality. The System has stepped forward to accept tens of thousands of dislocated workers into developmental programs and continuing education classes to retrain them for re-employment opportunities. The NCCCS has developed new financial aid programs and services to accommodate those whose employment benefits have expired, or to lure others into occupations where there are job opportunities but enrollment was low. With the passage of the Higher Education Bond Act in 2000, the System has embarked on an unprecedented period of renovation and construction of new facilities to accommodate rapid growth and the deployment of new instructional technologies. Trying to meet the demands of working adults, the NCCCS enlarged its distance education program without any developmental, start-up or evaluation funding. As access has become even more of a factor, colleges have expanded offerings at off-campus and multi-campus locations. As more and more students from different walks of life entered the System, a new Hispanic-Latino initiative was started, global education was expanded, and colleges were stretched to provide more student support services. To meet the "competitiveness" requirements of companies seeking to survive in a Global economy, customized industrial training has become a constant request. For those who can not or will not return to the manufacturing sector, small business centers have stepped forward to supply counseling, referral and training to satisfy the entrepreneurial spirit. New and highly technical programs have been started in colleges in emerging and growing industries such as pharmaceutical manufacturing; life, physical and engineering sciences; and testing labs. We put these programs under the umbrella of Biotech.

The NCCCS has increased course offerings from 2000-2004 by over 10 percent in such areas as arts and sciences (25%), biological and chemical programs (75%), construction (32%), health sciences (30%), and public service (35%). Correspondingly, student enrollment has likewise increased in the following areas: arts and sciences (38%), biological and chemical programs (75%), construction (28%), health sciences (30%), and public service (58%). This kind of effort has been the product of the unprecedented labor of thousands of college faculty and professional staff, under the management of college Presidents, with technical assistance and support from the System Office. The System Office has lost over 30 percent of its staffing since 1989, at a time when the System has grown by approximately 70,000 FTE.

In other words, the NCCCS has met the state's challenge to do more with less. To take additional permanent reductions of over $29 million would in effect dismantle the Systems' response capabilities to individuals, market demands and industry services. It would further erode per capita funding by several hundred dollars.

The job now before the NCCCS is to accelerate the programs and services necessary to fill the available jobs within a changing State economy and marketplace. This will require the appropriation of targeted resources, the appropriate use of those resources, and being held accountable. Nobody should be turned away from economic opportunity because of a lack of education and training, or a lack of financial resources. Learning opportunities should be available anytime, anywhere, upon demand. That is the job before us. That is our mission.

We can not accomplish this job with additional permanent budget reductions.

Attachment 5

Joint Legislative Appropriations Subcommittee on Education

2005-06 Community College Budget Reduction Options

Line	Reduction Option	Amount
1	Fund Financial Aid from Escheats	($10,981,202)
2	Reduce Community Service Block Grant (10%)	($118,511)
3	Reduce Compensatory Education (10%)	($109,736)
4	Eliminate Off-Campus Center Funding	($1,400,000)
5	Reduce Public Radio Station Subsidies	($229,461)
6	Administrative Savings from Textile Center Merger	($475,000)
7	Increase Tuition	($1,561,105)

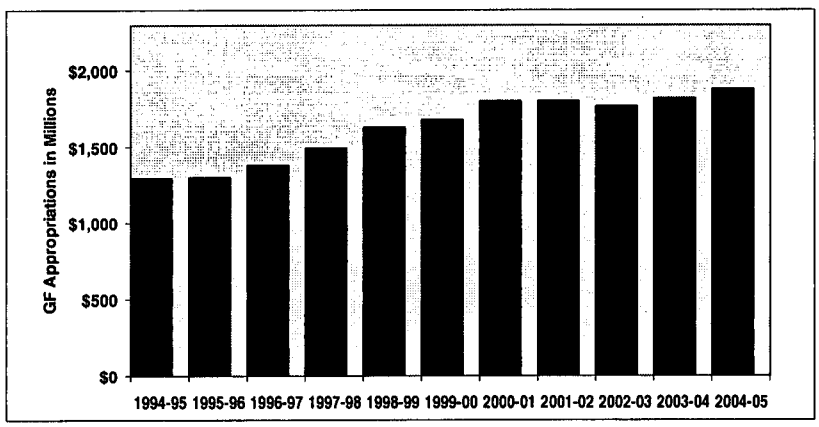
Attachment 6

The University of North Carolina
2005-07 Potential Budget Reductions

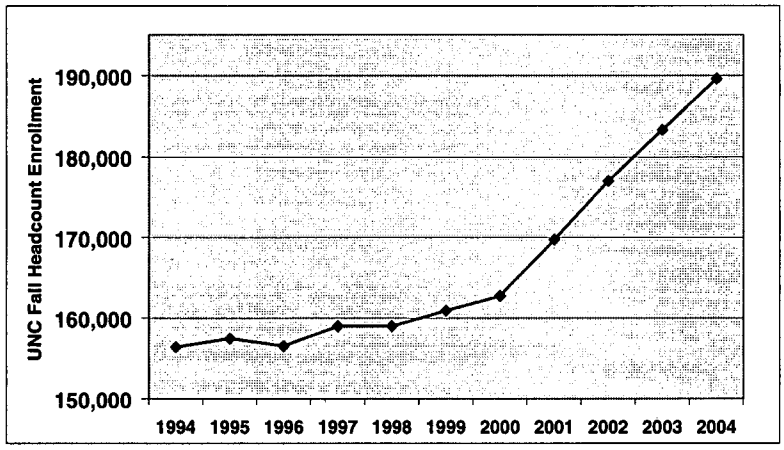
Presentation to Joint Legislative
Appropriations Subcommittee on Education

The University of North Carolina *April 4, 2005*

The University of North Carolina
History of General Fund Appropriations
1994-95 through 2004-05



The University of North Carolina
Fall Headcount Enrollment
1994 through 2004



UNC Budget Reductions
2001-02 through 2004-05

2001-02	**$47.1 million (recurring)** **$1.3 million (nonrecurring)**
2002-03	**$52.3 million (recurring)**
2003-04	**$47.9 million (recurring)** **$13.9 million (nonrecurring)**
2004-05	**$23.4 million (recurring)**
Total	**$185.9 million**

UNC Required Reversions 2000-01 through 2004-05

2000-01	**$32.0 million**
2001-02	**$144.1 million** **$54.2 million** (Repairs & Renovation)
2002-03	**$77.3 million**
2003-04	**$31.7 million**
2004-05	**$13.3 million**
Total	**$352.6 million**



Impact of $23.4M Reductions for 2004-05

Personnel

- **33.7% of reductions came from personnel budgets**
- **86 positions were eliminated**

Non-Personnel

- **26.1% came from budgets for current services (travel, phone services, postage, utilities, printing, repair and maintenance, and data processing)**
- **19.3% came from supplies and materials budgets (housekeeping supplies, educational supplies, repair supplies, motor vehicle supplies, and office supplies)**
- **10.8% came from capital outlay budgets (office equipment, educational equipment, and motor vehicles)**
- **5.5% came from budgets for fixed charges (property and equipment rentals, insurance, and maintenance contracts)**
- **4.8% came from other budget line items (library books, student temporary wages, and other contractual services)**

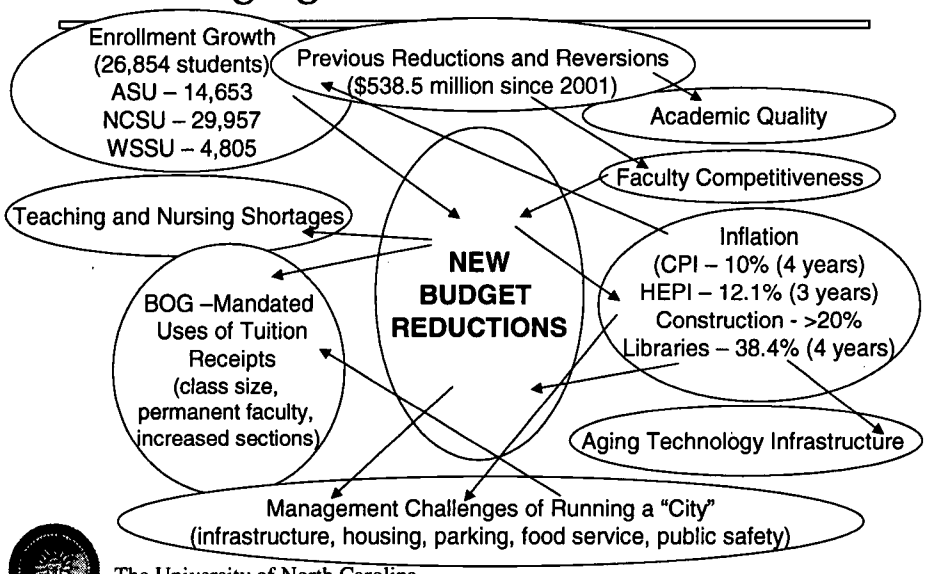


4% Potential Budget Reductions 2005-07

The General Assembly requested 4-percent potential budget reduction scenarios from the UNC system.

- **Chancellors prepared preliminary plans which, due to time constraints, were not able to be fully vetted by each campus.**
- **The Office of the President received and summarized these plans. Plans were presented in 1 percent increments.**
- **4 percent for the UNC campuses and affiliates = $78.2M.**
- **Three-fourths of UNC's appropriated budget is faculty and staff personnel expenditures.**
- **Non-personnel budgets include equipment purchases to maintain labs, library acquisitions, and community service programs.**
- **Includes reductions to student financial aid programs, UNC TV, NCCAT, NC Arboretum, UNC Hospitals, ECU School of Medicine, Aid to Private Colleges, University School Programs, and high school programs at NCSA & NCSSM.**

Managing the Current Environment

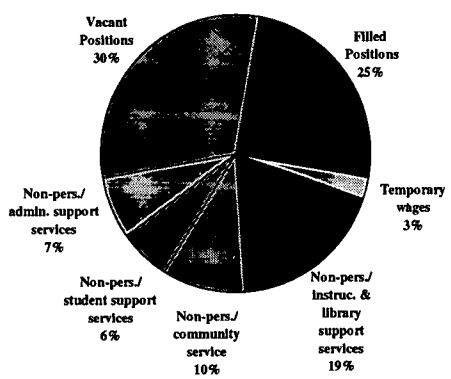


Estimated Impact of a 4% Potential Budget Reduction on UNC & Affiliates

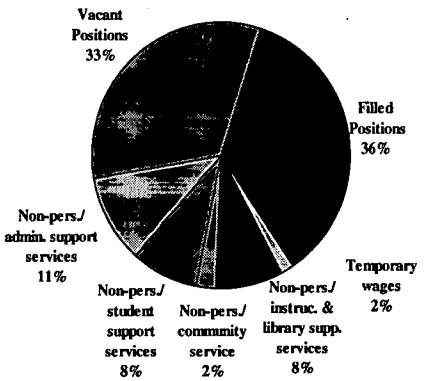
- **Elimination of over 900 positions, more than 500 of which are filled**
- **Elimination of 442 faculty positions**
- **Reductions in non-personnel budgets for student services, community outreach, and administrative support of $16.8 million**
- **Reductions in non-personnel budgets for instruction, instructional support services, and libraries of $6.5 million**

Budget Reductions Summary – 4% Plans

2001-02 Total Reductions = $72.2 million



2005-06 Total Reductions = $78.2 million



Estimated Impact of Potential Budget Reductions in 2005-07

- **Teaching positions**
  - Increases in class size
  - Decreases the number of classes and class sections available as well as the days and times that courses are available to students
  - Increase in time to graduation
  - Limits the ability of campuses to meet enrollment growth
- **SPA and EPA non-teaching positions**
  - Student Support Services – libraries, course advising, computer labs, financial aid advisors, admissions counseling all become less available to students
  - Decreases campuses' ability to provide campus security
  - Adversely impacts facilities upkeep and security controls
  - Potentially creates compliance issues in reporting, budgetary, and accounting activities



Estimated Impact of Potential Budget Reductions in 2005-07 (continued)

- **Non-personnel funds**
  - Classroom supplies & equipment – inability to repair, replace and upgrade classroom equipment
  - Libraries – reductions in acquisition of books and journals; use of old outdated and limited references to support course work is not effective or efficient instruction
  - Information Technology – decreases ability of campuses to train students in most recent technology/prepare them for workforce; reduces the ability to move to standard, common hardware and software platforms which enable future cost savings and economies of scale; increases the likelihood of administrative systems failures



Impact of Potential Reductions – Specific Campus Examples

Appalachian State University

- Larger class sizes; cancellation of library periodicals; elimination of 47 positions

East Carolina University

- Reduction of 64 faculty positions; impact on medical school clinic hours (and thus indigent and poor patients); 49% reduction in library book budget at Health Sciences library

Elizabeth City State University

- Elimination of faculty, financial aid, institutional advancement, procurement & materials management, accounting and facilities management positions

Impact of Potential Reductions – Specific Campus Examples

Fayetteville State University

- Eliminate 8 faculty positions, resulting in an increase of the student-faculty ratio; further erosion of equipment and repair budgets

North Carolina A&T State University

- Elimination of 10 faculty positions and 13 non-faculty positions; Reductions in equipment and library purchases; closure of 2 student computer labs; deferred facility maintenance

Impact of Potential Reductions – Specific Campus Examples

North Carolina Central University

- Substantially decreased ability to hire permanent faculty – reduction of course offerings (# of sections and less option in scheduling), larger classes, fewer academic services, more adjunct/part-time faculty; personnel layoffs, postpone purchases of scientific and other modern equipment, which decreases ability to offer distance education courses; reduced student services – registrar, financial aid, counseling, and admissions; reductions in accounting services, fiscal operations, and other departments

North Carolina School of the Arts

- Reduction in size and scope of student productions (including numbers of students in the cast, set size built and materials used); class size increase in the School of Music; elimination of some Dance and Music courses; difficulty with meeting SACS accreditation requirements

Impact of Potential Reductions – Specific Campus Examples

North Carolina State University, Academic

- Elimination of 155 positions; increased reliance on temporary and part-time faculty; larger course sizes; delayed implementation of math & science elementary education degree; inability to match offers to faculty (anticipate losing 1-2 per month); cancellation of 100-300 course sections

NCSU, Agricultural Research and Extension

- Reductions in research efforts that benefit agriculture, animal & crop production, and life science industries in North Carolina; Any loss of state funds for Cooperative Extension is compounded by a corresponding loss of matching county funds; elimination of faculty and field faculty in agricultural, horticulture, forestry, community development; total elimination of some programs

Impact of Potential Reductions – Specific Campus Examples

UNC Asheville

- **Elimination of 10 filled positions, including 4 faculty; substantial reductions to student support services (Disability Services, Counseling Center, Financial Aid Office, Career Center)**

UNC-Chapel Hill

- **Elimination of 65 faculty positions; inability to match offers to faculty; increase the number of adjunct faculty; larger class sizes; reduction of 200 class sections; reduce library, disability services, and academic advising budgets**



Impact of Potential Reductions – Specific Campus Examples

UNC Charlotte

- **Approximately half of a 4% cut would come from faculty positions; postponement of needed repairs and renovations; less assistance for students in the Financial Aid, Registrar's, and Student Accounts Offices**



Impact of Potential Reductions – Specific Campus Examples

UNC Greensboro

- **Elimination of several on-campus and online course sections; decreased purchases of print and electronic resources in Jackson Library; reductions in minority-focused undergraduate education programs, faculty teaching-improvement initiatives, and the University's retention-oriented Living/Learning programs; reduction of a psychologist/counselor in the Counseling and Testing Center; cuts in the Physical Plant would impair UNCG's ability to maintain the campus buildings and grounds; further reductions to administrative operating budgets – Finance, Human Resources, Public Safety and Police – would impair safety and compliance activities**

Impact of Potential Reductions – Specific Campus Examples

UNC Pembroke

- **Elimination of 23 positions, including 5 faculty positions; fewer course sections; larger class sizes; limited ability to provide student services such as counseling; reductions in Police and Public Safety department**

UNC Wilmington

- **Elimination of 38 positions; reduced levels of academic and student support (academic advising, financial aid, counseling, registrar's office); reduced levels of outreach and service activity in Columbus and other surrounding counties; negative impact to degree programs at Coastal Carolina Community College and Camp Lejeune; increases in class size; decreases in courses offered; impact to Teaching and Nursing degree programs**

Impact of Potential Reductions – Specific Campus Examples

Western Carolina University

- **Reductions in critical support positions in student advising, student recruitment, housekeeping, grounds technicians, building maintenance, information technology, library, purchasing, and internal audit; elimination of approximately 14 faculty positions; reductions at the NC Center for the Advancement of Teaching and Highlands Biological Station**

Winston-Salem State University

- **Elimination of faculty and essential staff positions in admissions and enrollment counseling, academic counseling, and career advisement; further reductions to equipment and supply purchases**



Impact of Potential Reductions – Specific Campus Examples

N.C. School of Science & Mathematics

- **$29,000 reduction to academic programs and the library; elimination of 3 faculty positions (causes increases in class sizes); $50,000 reduction to the Distance Learning Department, which provides services to rural NC schools by teaching courses via teleconferencing; $26,000 reduction to student services (counseling, residential life, security & safety); further reductions to plan facilities and administration**

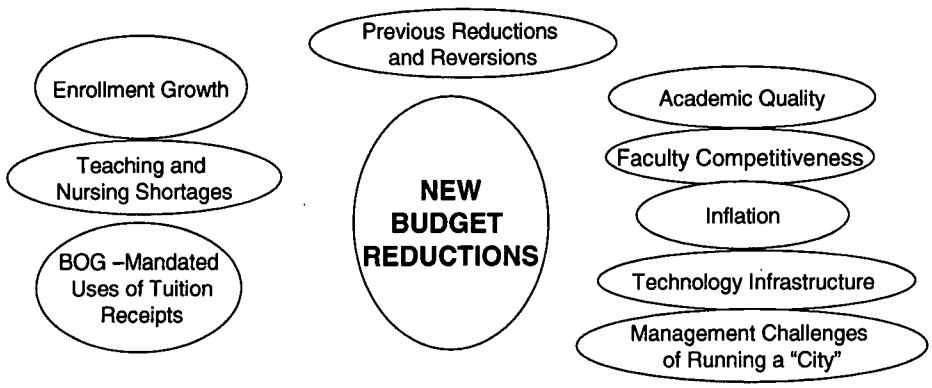


Examples of Overlapping Budget Reductions – FY 2001-02

Legislative Budget Reduction Category	Temporary Wages & Membership Dues	SPA Positions	EPA Non-Teaching Positions	Travel	Modified Zero-Based Budget Items	Community Services/ General Academic Support	Additional Admin. Efficiencies
Temporary Wages and Membership Dues	X					X	X
SPA Positions -359.6 positions		X			X	X	X
EPA Non-Teaching Positions -95.20 positions			X		X	X	X
Travel				X	X	X	X
Modified Zero Based Budget Items Miscellaneous contracted services, rental/lease of equipment, travel, cellular phones, furniture and equipment, and other aids and grants				X	X	X	X
Community Services/General Academic Support	X	X	X	X	X	X	X
Additional Administrative Efficiencies	X	X	X	X	X	X	X



Closing Thoughts



- **Minimum Reductions**
- **Maximum Management Flexibility**
- **Full Accountability**

Attachment 7

Joint Legislative Appropriations Subcommittee on Education

2005-06 UNC Budget
Reduction Options

Line	Reduction Option	Amount
1	Fund Financial Aid from Escheats	($23,430,048)
2	Fund Building Reserves at Minimum Hiring Rate	($2,501,525)
3	Adjust Building Reserve Completion Dates	($2,189,924)
4	Reduce Private Medical School Aid	($330,212)
5	Reduce Medical Scholarships	($613,635)
6	Reduce SREB Contractual Spaces to 04-05 Level	($100,000)
7	Reduce Distinguished Professors Endowment Fund	($2,000,000)
8	Reduce Center for Alcohol Studies Payment	($250,000)
9	Eliminate Legislators Schools at ECU & WCU	($498,975)
10	Reduce Model Teacher Education Consortium	($1,000,000)
11	Eliminate Inflationary Increases	($15,540,443)
12	Reduce Strategic Initiatives Reserve Fund	($1,000,000)
13	Raise resident tuition 1%	($3,300,000)

Public Schools Budget - Possible Reduction Options for Discussion
March 22, 2005

Category	FY 2005-06 Revised Continuation Budget		Reduction Options		
	Positions	Amount	A	B	C
1. Central Office		$ 102,004,583	$ (7,020,000)	$ (1,020,046)	$ (4,080,183)
Option A: Reduce base positions in the allotment by 1					
Option B: 1% reduction.					
Option C: 4% reduction.					
2. Classroom Teachers	65,989.29	2,485,552,580	(20,914,886) *(including benefits)*	(21,007,225) *(including benefits)*	(22,115,299) *(including benefits)*
Option A: Increase the allotment ratio for grade 7 by 2 (-453.0 positions).					
Option B: Increase the allotment ratio for grade 8 by 2 (-455.0 positions).					
Option C: Increase the allotment ratio for grades 7 & 8 by 1 (-479 positions).					
3. Teacher Assistants		394,924,717	(94,183,198)	(138,223,651)	(260,650,313)
Option A: Fund for Only Grades K-2 (approx 4,050 positions @ avg salary, including benefits, of $23,258).					
Option B: Reduce proposed budget 35% (approx 5,943 positions @ avg salary, including benefits, of $23,258).					
Option C: Reduce proposed budget by 66% (approx 11,207 positions @ avg salary, including benefits, of $23,258.)					
4. Instructional Support	7,103.00	301,394,496	(1,444,169)	(5,080,381)	(13,874,339)
Option A: Increase budgeted ratio by 1 (1:197.21 to 1:198). Eliminates 28.0 positions.					
Option B: Increase budgeted ratio by 3 (1:197.21 to 1:200). Eliminates 98.5 positions.					
Option C: Increase budgeted ratio by 8 (1:197.21 to 1:205). Eliminates 269.0 positions.					
5. School Building Admin.	4,113.80	233,599,728	(5,038,433)	(103,399,613)	(10,819,965)
Option A: Adjust assistant principal allotment from 1:761 to 1:800. A reduction of approximately 89.5 10-month positions.					
Option B: Eliminate assistant principal funding. A reduction of approximately 1,836.8 10-month positions.					
Option C: Adjust assistant principal allotment from 1:761 to 1:850. A reduction of approximately 192.2 10-month positions.					
6. Classroom Materials/Supplies		70,944,872	(1,299,557)	(7,094,487)	-
Option A: Change Inflation Increase to 6.2% (from 8.2%).					
Option B: Reduce proposed budget 10%.					
Option C: None.					
7. Textbooks		88,385,971	(796,502)	(8,838,597)	-
Option A: Change Inflation Increase to 9.3% (from 10.3%). Keep 10.3% inflation rate for special textbooks .					
Option B: Reduce proposed budget 10%.					
Option C: None.					

Attachment 8

Public Schools Budget - Possible Reduction Options for Discussion
March 22, 2005

Category	FY 2005-06 Revised Continuation Budget		Reduction Options		
	Positions	Amount	A	B	C
8. Annual Leave		31,498,453	-	-	-
No Options presented. Based on actual pay-out of vacation when an employee terminates.					
9. HS Work Force Development (Learn and Earn)		1,541,699	-	-	-
No options presented.					
10. Mentor Pay		8,100,140	(2,025,035)	(8,100,140)	-
Option A: Reduce monthly pay to $75 (from $100). As with all guaranteed amounts, the reduction is an estimate.					
Option B: Eliminate Mentor Pay.					
11. Noninstructional Support		317,240,573	(31,724,057)	(12,689,623)	(31,648,145)
Option A: 10% reduction. approx -1,145 custodians or clerical positions at avg of the two classifications' avg salaries with benefits (27,710).					
Option B: 4% reduction.					
Option C: Allot funding for 2 custodians per school (2,306 schools) and 2 clerical positions per school (total $255.6 million) plus $30 million for Sub Pay.					
12. Academically Gifted		51,789,512	(12,947,609)	(2,071,580)	(7,073,512)
Option A: Base allotment on 3% of ADM (rather than 4%). 41,921 students @ $926.55.					
Option B: 4% reduction.					
Option C: Reduce funding factor to $800 (a 13.66% reduction).					
13. At-Risk		189,295,105	(2,688,258)	-	-
Option A: Allot School Safety Officer @75% of avg. Instr. Support without benefits ($31,824) rather than $37,838.					
Option B: None.					
Option C: None.					
14. Children with Disabilities		558,301,031	(13,465,805)	(5,401,773)	-
Option A: Decrease Headcount funding cap from 12.5% to 12%. (LEAs above cap from 77 to 88)					
Option B: Eliminate Classroom Teacher base in Preschool Funding.(46,169 per LEA)					
Option C: None.					
15. Improving Student Accountability		34,846,211	(34,846,211)	-	-
Option A: Eliminate Funding.					
Option B: None.					
Option C: None.					

Public Schools Budget - Possible Reduction Options for Discussion

March 22, 2005

Category	FY 2005-06 Revised Continuation Budget		Reduction Options		
	Positions	Amount	A	B	C
16. Assistance Teams		2,864,985	-	-	-
No Options presented. Currently DPI is authorized to move funding to cover Assistance Teams. Really budgeted from reversions.					
17. Limited English		43,654,888	(2,674,670)	-	-
Option A: Eliminate Teacher Assistant base ($23,258 for each eligible LEA and/or Charter).					
Option B: None.					
Option C: None.					
18. Low Wealth		109,382,460	(18,919,740)	(10,938,521)	-
Option A: Only fund LEAs with a wealth percentage of 85% or less.					
Option B: Fund LEAs up to 90% of the state average local appropriation per ADM.					
Option C: None.					
(Based on data used in the FY 2004-05 allotment.)					
19. School Technology		10,000,000	(5,000,000)	(10,000,000)	(1,000,000)
Option A: Reduce the budget 50%.					
Option B: Eliminate Funding for 1-year.					
Option C: Reduce funding by 1%.					
20. Small County		37,489,844	(3,781,269)	(9,788,875)	-
Option A: Reduce minimum for instructional supplies to $600,000 per eligible LEA (currently $740,047).					
Option B: Only fund LEAs that are eligible for Low Wealth Funding. (Eligible LEAs change from 27 to 20)					
Option C. None.					
21. Staff Development		12,191,727	(121,917)	(487,669)	-
Option A: Reduce the budget 1%.					
Option B: Reduce the budget 4%.					
Option C: None.					
22. Transportation		276,558,729	-	-	-
No options presented.					

Public Schools Budget - Possible Reduction Options for Discussion

March 22, 2005

Category	FY 2005-06 Revised Continuation Budget		Reduction Options		
	Positions	Amount	A	B	C
23. Vocational Ed.	63,031.50	267,181,378	(13,084,719)	(26,244,332)	(5,653,294)
Option A: Increase month of employment budget build ratio to 1:9.5 (from 1:9.05). Estimated to impact 270.8 10-month positions.					
Option B: Increase month of employment budget build ratio to 1:10 (from 1:9.05). Estimated to impact 543.15 10-month positions.					
Option C: Reduce the base allotment from 50 months to 40 months. Estimated to impact 117 10-month positions.					
24. ADM Reserve		7,000,000	-	-	-
No Options presented. Funds are used to assure that LEA's are funded based on the actual student population enrolled.					
25. NBPTS		3,274,500	(3,274,500)	-	-
Option A: Eliminate paying tuition fees.					
Option B: None.					
Option C: None.					
26. Personnel Services		112,169,113	-	-	-
No Options presented. Includes Workers Comp, Unemployment, Short Term Disability and Longevity.					
27. School Breakfast		2,120,745	(2,120,745)	-	-
Option A: Eliminate Funding.					
Option B: None.					
Option C: None.					
28. School Bus Replacement		55,106,092	(17,915,450)	(7,915,450)	-
Option A: Fund only current leases.					
Option B: Fund current leases and $10,000,000 of new bus leases.					
Option C: None.					
29. Testing		8,451,146	-	-	-
No Options presented. Reduction must relate to specific test.					
30. Textbook Freight		217,837	(217,837)	-	-
Option A: Eliminate funding and require the freight cost to be a part of the textbook warehouse overhead cost (amount reflects actual expenditures).					
31. Tort Claims		4,599,195	-	-	-
No Options presented. Based on actual expenditures plus OSBM adjustment					
32. UERS		18,160,573	-	-	-
No options presented ... NCWISE implementation.					

Public Schools Budget - Possible Reduction Options for Discussion

March 22, 2005

Category	FY 2005-06 Revised Continuation Budget Positions	FY 2005-06 Revised Continuation Budget Amount	Reduction Options A	Reduction Options B	Reduction Options C
33. Benefits on Position Allotments		726,836,329	-	-	-
No Options presented. Includes Social Security, Retirement and Medical Insurance on Position Allotments.					
34. Other Budget Items Impacting LEAs					
Discretionary Reduction		(44,291,248)			
NCWise Owl		628,000			
Distance Learning		871,849			
Information Highway		1,200,000			
Governor's Schools		1,326,855			
Total Other		(40,264,544)			
35. Department of Public Instruction		29,933,370			
Option A: 4% Across the Board			(1,197,335)		
Technical Adj to SPSF in Gov's Budget included above					
36. ADM Adjustment		(9,402,812)			
37. Average Salary Adjustment		23,642,099	(23,642,099)		
Basis of 4% Reduction		**6,570,587,326**			
Other Appropriations					
38. Teaching Fellows ($10,160,000) & Prospective Teacher Scholarship Programs ($2,252,535)		12,412,535	-	-	-
39. Non-profits		2,324,068	-	-	-
Total 05/06 Continuation Budget		$ 6,585,323,929			
4% Reduction =		**262,823,493**	(320,344,001)	(378,301,963)	(356,915,050)

Reductions range: $ (144,015,229) to $ (618,408,546)

Attachment 9

Joint Legislative Appropriations Subcommittee on Education

2005-06 Public Schools Budget
Reduction Options

Line	Reduction Option	Amount
1	Average Salary Adjustment	($23,642,099)
2	Redirect Public School Building Capital Fund revenues to SPSF	($15,000,000)
3	ADM Contingency Reserve (NR)	($1,000,000)
4	Technology Fund (NR)	($5,000,000)
5	Testing	($1,753,412)
6		
7	Redirect Refundable State Sales Tax to SPSF	($39,000,000)
8	Reduce Pass-Through Funding to Non-Profits by 50%:	
9	Communities in Schools (CIS)	($303,750)
10	ExplorNet	($200,000)
11	NC Network	($141,750)
12	Partnership for Excellence (formerly "TQE")	($25,000)
13	Schools Attuned	($260,456)
14	Teacher Cadet	($60,750)

Joint Appropriations Subcommittee on Education

Agenda

Thursday, March 24, 2005, 8:30 A.M.
Room 421, Legislative Office Building
Senator Swindell, Presiding

I. Welcome

II. Continuation of Community College Categorical Programs
NC Center for Applied Textile Technology
HB 275

Kristine Leggett, Fiscal Research Division

III. Committee Questions

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Thursday, March 24, 2005, 8:30 a.m.

The Senate Appropriations Subcommittee on Education/Higher Education met jointly with the House Appropriations Subcommittee on Education in Room 421 of the Legislative Office Building at 8:30 a.m. Five members of the Senate were present and the following Representatives were present: Jeffus; Tolson; Yongue; Rapp; Bell; Cleveland; Fisher; Hilton; Justice; Parmon; and Pate. The Education Fiscal Research Division was also in attendance. A Visitor Registration list is attached and made a part of these minutes.

The chair called the meeting to order and introduced the House and Senate Pages. Natresha Moore, Lauren Hodge and Derrick Gulley were sponsored by Senator Dannelly; Justin Crisman of Winston-Salem was sponsored by Rep. McGee; Will Fanning of Wake County was sponsored by Rep. Dollar; Darby Crouch of Hickory was sponsored by Rep. Setzer; and Mark Best of Wake County was sponsored by Senator Hunt. Members of the House and Senate Sergeant-at-Arms staffs were also recognized and Mark Fleming of the North Carolina University system was recognized and introduced his son, Robert Fleming, who attends Broughton High School in Raleigh.

Ms. Kristine Leggett of the Fiscal Research Division continued with her presentation of the Community College budget. She reviewed the Categorical Programs (Attachment 1), which included the findings of the study authorized in S.L. 2004-124 Section 8.6. The study recommended that the NC Center for Applied Textile Technology be moved to Gaston College. (A copy of the study is attached to these minutes as Attachment 2.) Ms. Leggett further gave an overview on HB 275 and reviewed the history of the funding of since 1999.

Questions were raised and answered.

There being no further business, the chair adjourned the meeting at 9:15 a.m..

Respectfully submitted,

Senator A. B. Swindell
Chairman

Mo Hudson
Committee Assistant

Joint Appropriations Subcommittee on Education

Community College System Budget
NC Center for Applied Textile Technology
HB 275

Kristine Leggett
Fiscal Research Division
March 24, 2005

Attachment 1

Other Categorical Programs (continued)

Fayetteville Technical Botanical Labs **$300,000**

Provides funding for the Botanical lab operated by Fayetteville Tech.

Hickory Metropolitan Higher Education Center **$474,520**

Provides funding for the Higher Ed center operated by Catawba Valley CC.

Faculty Upgrade **$507,068**

Provides funding for professional development for full-time faculty and staff. Last year, this program was reduced by 50%.

State Board Reserve **$800,000**

Provides funds for the start-up of new programs, feasibility studies, studies requested by the General Assembly, and system-wide projects.

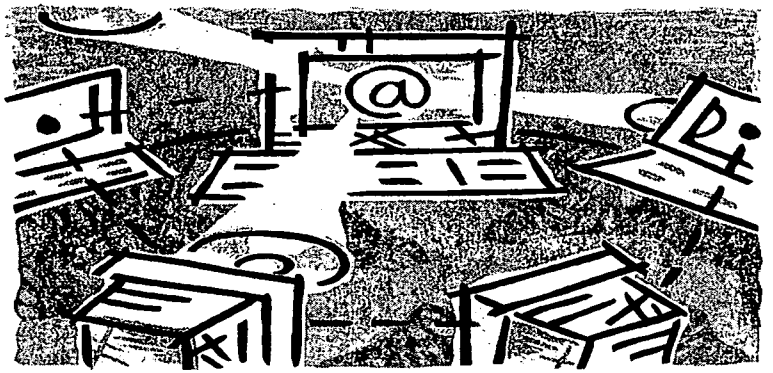
Other Categorical Programs (continued)

Networking **$618,600**

Provides high speed data connections to the 58 colleges and the Center for Applied Textile Technology.

NC Information Highway Line Charges **$1,188,300**

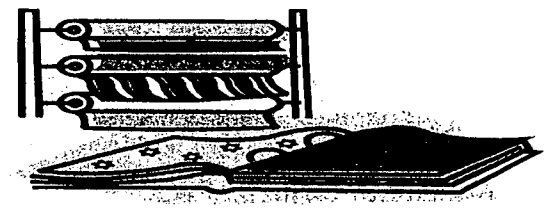
Provides funds for the operation of the NC Information Highway at 45 colleges.



Hosiery & Textiles

Center for Applied Textile Technology (CATT) $1,554,401

Provides training for occupational preparation and skills upgrading specifically to the fiber, textile, and apparel industries. The Textile Center is in the process of being moved into Gaston College.



Hosiery Technology Center $125,000

Provides technical services (product testing, research & development, and training) to hosiery manufacturers in the State. In FY 04-05, an additional $225,000 in non-recurring funds was appropriated, and the Hosiery Center received $250,000 from the Worker Training Trust Fund. It is anticipated that WTTF funding will not be available in FY 05-06.



NC Center for Applied Textile Technology Study

S.L. 2004-124 Section 8.6 directed the State Board of Community Colleges to undertake a study of the Textile Center to evaluate the Center's mission and programs, and to determine if the Center should be moved under a community college.

Study Findings:

- The textile industry is still very important to the State
- The industry needs a dedicated center for technology services and technical assistance
- The isolation and lack of accountability at the Textile Center have allowed it to drift away from its core mission
- The Hosiery Tech Center provides an excellent model of compromise between autonomy and accountability

Study Recommendation:

Create a semi-autonomous, industry-driven textile center at Gaston College

NC Center for Applied Textile Technology Transition Plan

President Lancaster appointed a transition team consisting of representatives from Gaston College, the Textile Center and its Board, textile industry representatives, System Office Staff, and Fiscal Research Staff to work out a viable plan to transfer the Center

The Textile Center Bill

- Transfers the Center to Gaston College
- Creates a 14 member Advisory Board appointed by industry, the Gaston College Board, the Center's Foundation Board, the State Board of Community Colleges, and the Dean of the College of Textiles at NCSU
- Allows the President of Gaston College to appoint a Director for the Center upon consultation with the Advisory Board

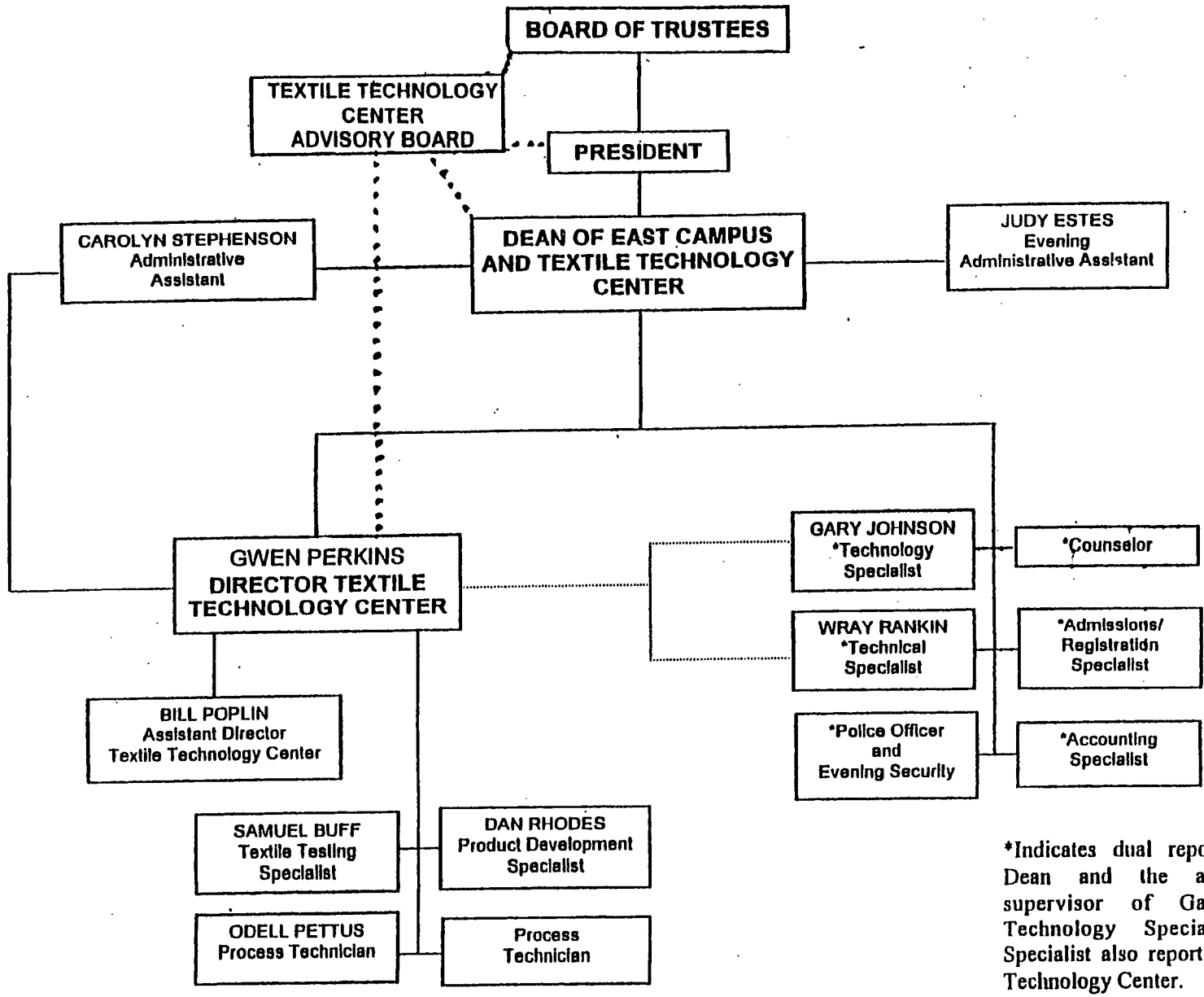
FY 2006 OPERATING BUDGET CATT

DRAFT 3-1-05

Objective of Expenditure	For Center Operations FY 2005-06	For Gaston Operations FY 2005-06	Total Requirements FY 2005-06
Salaries			
Budget (Position) Titles			
Campus Dean			
Director @ CATT salary*			
Assistant Director			
Product Development Specialist			
Textile Testing Specialist			
Process Technician (two @ 2950/mo)			
Accounting Position			
Administrative Asst- Evenings @ CATT salary*			
Admissions/Registration Specialist @ 9 months			
Counselor @ 9 months			
Administrative Asst @ CATT salary*			
Technology Specialist @ CATT salary*			
Technical Specialist @ CATT salary*			
Police Officer and Evening Security (Part-time)			
Sub-total Salaries	$ 291,400	$ 313,176	$ 604,576
Operating Expenses			
FICA	$ 22,292	$ 23,958	$ 46,250
Retirement	16,945	18,211	35,156
Health Insurance	20,592	22,308	42,900
Longevity	5,000	-	5,000
Advertising/Publications	3,500	5,000	8,500
Supplies	32,419	10,000	42,419
Travel	20,000	10,000	30,000
Telephone	2,000	4,000	6,000
Postage	1,000	2,000	3,000
Utilities	-	99,600	99,600
Repairs and Maintenance	-	50,000	50,000
Printing	1,000	3,000	4,000
Professional and Contract Services	100,000	-	100,000
Dues and Memberships	1,000	1,000	2,000
Hosiery Technology Center Transfer	-	475,000	475,000
Sub-total Operating Expenses	$ 225,748	$ 724,077	$ 949,825
Budget Total Current	$ 517,148	$ 1,037,253	$ 1,554,401
Budget Total Original			1,554,401
Difference			$ 0

Gaston College

Draft
3/3/05



*Indicates dual reporting to the Campus Dean and the appropriate functional supervisor of Gaston College. The Technology Specialist and Technical Specialist also report to Director of Textile Technology Center.

HB 275 Overview

- In 1999, the General Assembly passed HB 275 (SL 99-0321), which created a Training and Employment Account within the Unemployment Insurance Fund.

- Funds come from a 20% surcharge on the Unemployment Insurance (UI) taxes collected in a given year if the Unemployment Insurance Account is above a certain amount.

- If the UI account is in good standing, twenty percent of the unemployment tax goes to the Training and Employment Account; the remainder goes to the UI account. For example, if the tax rate is 1%, then 0.8% would go to the UI account and 0.2% would go to the Training and Employment Account.

- The General Assembly annually appropriates the entire balance of the Account, dividing it between the Community Colleges (80%) and ESC (20%).

HB 275 Community College Allocations Since 1999

1999-2000	$18,000,000
2000-2001	$40,326,000
2001-2002	$28,724,552
Total	**$87,050,552**

- HB 275 limited expenditure of the funds by the Community Colleges to nonrecurring expenditures to provide worker training through improved continuing education, acquisition of modern training equipment, operation of specialized training centers, enhancement of small business center training, expansion of training for new and expanding industries, incentive grants for incumbent worker training, programs funded by the Worker Training Trust Fund, and other Community College programs.

- The State Board of Community Colleges is expected to report on the expenditure of HB 275 funds before May 1 each year.

A History of HB275 Funding in the Community College System
FY 1999-2000 through 2001-02

Category	FY99-00	FY00-01	FY01-02	FY03-04	Total
Equipment	$10,000,000	$30,826,000	$21,263,298	$0	$62,089,298
Regional & Cooperative Initiatives	$3,000,000	$2,000,000	$400,000	($133,943)	$5,266,057
NEIT	$4,000,000	$5,500,000	$5,217,577	$0	$14,717,577
FIT	$1,000,000	$2,000,000	$1,843,677	$133,943	$4,977,620
Total	$18,000,000	$40,326,000	$28,724,552	$0	$87,050,552

Attachment 2

Report to the North Carolina State Board of Community Colleges on

Options and Recommendations for the North Carolina Center for Applied Textile Technology

October 28, 2004

Regional Technology Strategies, Inc.
205 Lloyd Street #210
Carrboro, NC 27510
919 933-6699
www.rtsinc.org

I. Purpose of the Report

Regional Technology Strategies, Inc. received a contract from the North Carolina State Board of Community Colleges to undertake a comprehensive study of the North Carolina Center for Applied Textile Technology (NCCATT). The purpose of the study is to recommend whether NCCATT should remain an independent institution, be administered by a community college, be dissolved, or be otherwise administered. This report provides background on trends and the future of the textile industry; gives a history of NCCATT and its current governance structure; analyzes current and recent NCCATT activities; describes textile industry technical assistance and workforce needs, and presents options and recommendations for the future of the Center.

For this study, the project team interviewed more than two dozen textile industry experts, representatives from industry, economic developers, community college leaders, and NCCATT Board of Trustee members, Foundation Directors and staff. The team also examined detailed program and course data provided by NCCATT and analyzed government and private textile data.

II. Textile Industry Background

The U.S. textile sector is composed of companies that produce cotton, wool and man-made fibers and knit, weave or otherwise combine them for a wide range of uses, including apparel, home furnishings, footwear and other industrial purposes.[1] Textile mills produce a vast range of finished and intermediate textile products but center on broadwoven fabrics from cotton, wool, and other natural and synthetic fibers and materials. These textiles are used in such diverse applications as clothing, household linens, furniture, roofing products, insulation, and motor vehicle interiors.[2]

This section provides a brief overview of recent trends in the textiles industry, summarizes projections and outlooks for the future, and presents some pockets of promise. The analysis focuses on the broader textile industry and does not include a detailed discussion of the apparel sector, which has suffered the most job loss in recent years.

The Textile Industry and its Supply Chain

North Carolina has a well-established presence, tradition, and expertise in all industry sectors that are part of the textile industry's supply chain. It begins with fiber manufacturers that produce either organic or synthetic fibers and filaments that are key inputs for textile mills. The fibers are either used by nonwoven fabric mills to manufacture consumer and industrial products, or by yarn spinning mills. The yarns and threads produced by those mills serve as key inputs for hosiery manufacture, broadwoven and narrow fabric mills and knitting mills that manufacture a number of different types of fabrics. The complete production cycle can include a number of processes such as dyeing, bleaching, and stonewashing the fabrics. These can be performed by vertically integrated textile mill or separate specialized finishing mills. At the end of the textiles supply chain other industries convert the fabrics into a wide range of final products. The apparel and home furnishings industries are among the largest customers, but textiles products also include automobile, aerospace, and space industries as well as many industrial applications such as industrial belts, fire hoses, and medical supplies. The process of converting raw fibers into finished non-apparel textile products is complex, and therefore many textile mills are highly specialized. There is little overlap between knitting and weaving mills or among the companies that use different nonwoven processes to turn synthetic materials into special fabrics.

National Textile Trends

There is no doubt that the textile industry in the United States is in the midst of a tremendous upheaval. In 2001 alone more than 100 U.S. textile mills closed their doors and at least 60,000

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[1] Datamonitor "Global Textiles" Industry Profile May 2004

[2] Enclyclopedia of Global Industries, Third Edition "Textile Mills"

U.S. textile workers were laid off. After heavily investing in newer and more efficient but costly technology and equipment, U.S. textile mills are finding it harder to compete with lower-priced textile imports from Asia, which have been entering U.S. markets since the end of the 1990s. While demand for industrial textiles remained high in the U.S., many textile mills lost their most important customers with the rapid decline of the domestic apparel industry. As a result, large numbers of U.S. mills have shifted production to emphasize non-apparel textiles such as designer home-furnishings and specialty industrial textiles.

According to the Bureau of Labor Statistics, the largest occupations in the national textile industry—more than 160,000—are machine setters and operators. Another 40,000 employees are more highly skilled supervisors, mechanics and industrial maintenance workers.

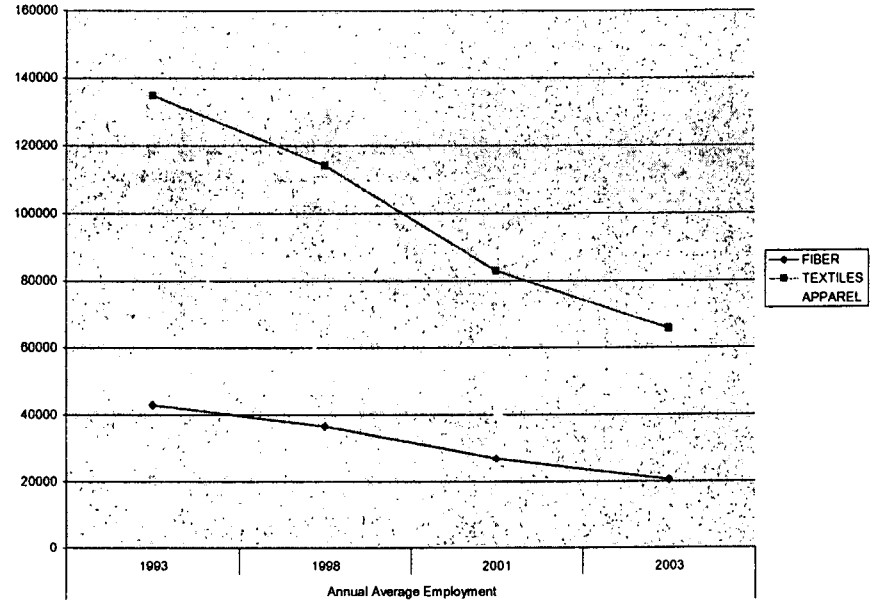
Despite the recent job losses and plant closing the textile industry is still a major manufacturing employer. Most of the 489,000 U.S. wage and salary workers who are employed in the textile mills and products industry in 2002 were located in the southeastern region. North Carolina has the nation's largest share of the sector with 28 percent of all U.S. textile jobs. It southern neighbor, South Carolina, is second with 16 percent. Most textile production is concentrated in large mills; establishments that employ more than 500 persons account for only one percent of the textile companies, but 22.5 percent of all textile workers. More than 57 percent of the textile workers are employed in the less than 14 percent of establishments with 50-499 employees.[3]

North Carolina Textile Industry Trends

North Carolina, as is the rest of the nation, is experiencing significant job losses in textiles and in textile-related industries. As Figure 1 shows, the apparel sector suffered the most dramatic job losses between 1993 and 2003. Employment in apparel declined by two-thirds over this ten-year period, from 90,043 employees to 30,186. The larger textile sector lost about half of its almost 135,000 employees between 1993 and 2003; it now employs 65,610 people across the state. Fiber yarn and thread mills—listed separately from the other textile mills in this chart—saw their employment shrink from almost 43,000 in 1993 to 20,513 in 2003.

[3] U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov/oco/cg/cgs015.htm

Figure 1: Annual Average Employment in Fiber, Textiles, and Apparel, 1993 - 2003



Source: NC Employment Security Commission

While overall the textile industry lost a large number of jobs, the apparel sector, which includes more small and mid-sized establishments, suffered proportionally higher losses not only in employment but also in numbers of establishments. The number of apparel plants declined from 921 in 1993 to 475 in 2003, a loss of 48 percent. Many apparel production facilities were shut down completely and production moved overseas. Over the same time period, 16 percent of North Carolina's fiber yarn and thread mills and 17 percent of the other textile mills closed their doors. Overall, the textile industry has not experienced as devastating a scale of job losses and plant closings as has the apparel industry, perhaps because it is less labor intensive.

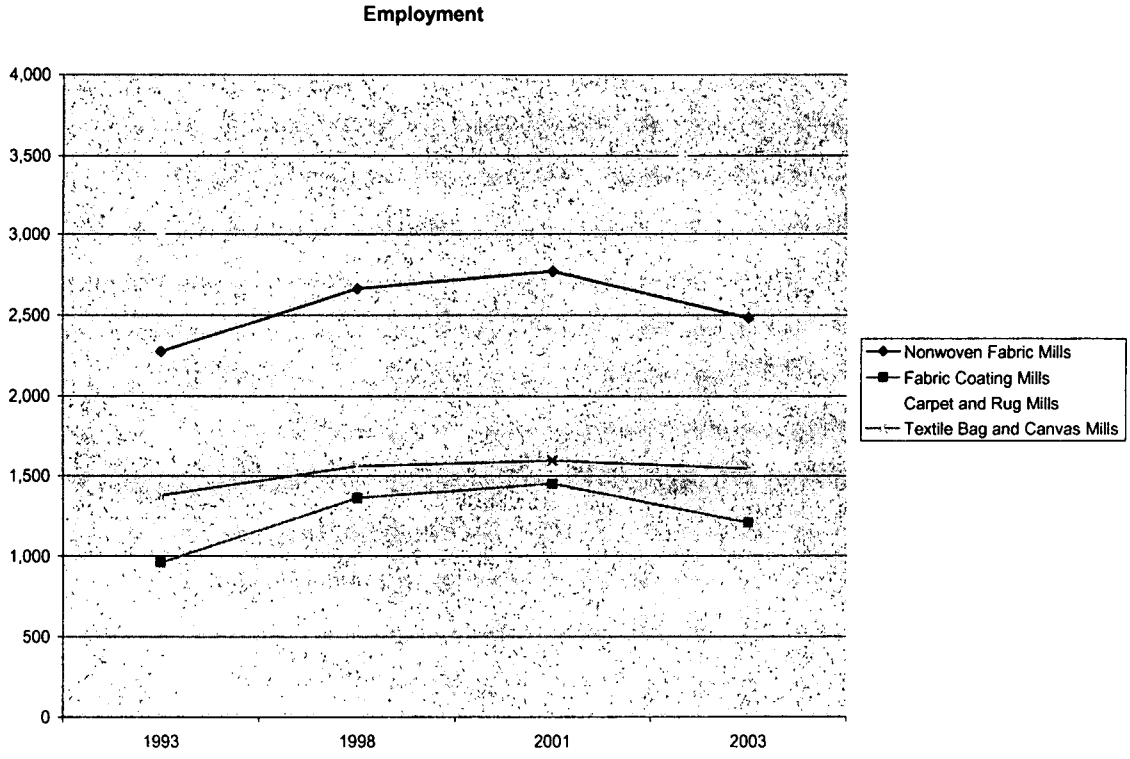
But the competition is heating up. The Dongguan Province of China, for example, is home to many of China's thousands of textile companies, which include more than 2,000 making 15 different types of chemical textiles. Further, the shrinking domestic apparel production has affected textile mill production, some more than others. Broadwoven fabric mills, textile and fabric finishing mills, knit fabric mills, and curtain and linen mills lost between 57 and 60 percent of their employment between 1993 and 2003. In contrast, however, nonwoven fabric mills, fabric coating mills, carpet and rug mills, and textile bag and canvas mills now employ *more* people than they did ten years ago (see Figure 2). Nonwoven fabric mills have added new production sites in North Carolina and even higher wage jobs (see Table 1).

Table 1: NC Establishments, Employment, and Average Wages in Selected Fiber Manufacturing and Textile Mill Sectors, 2003

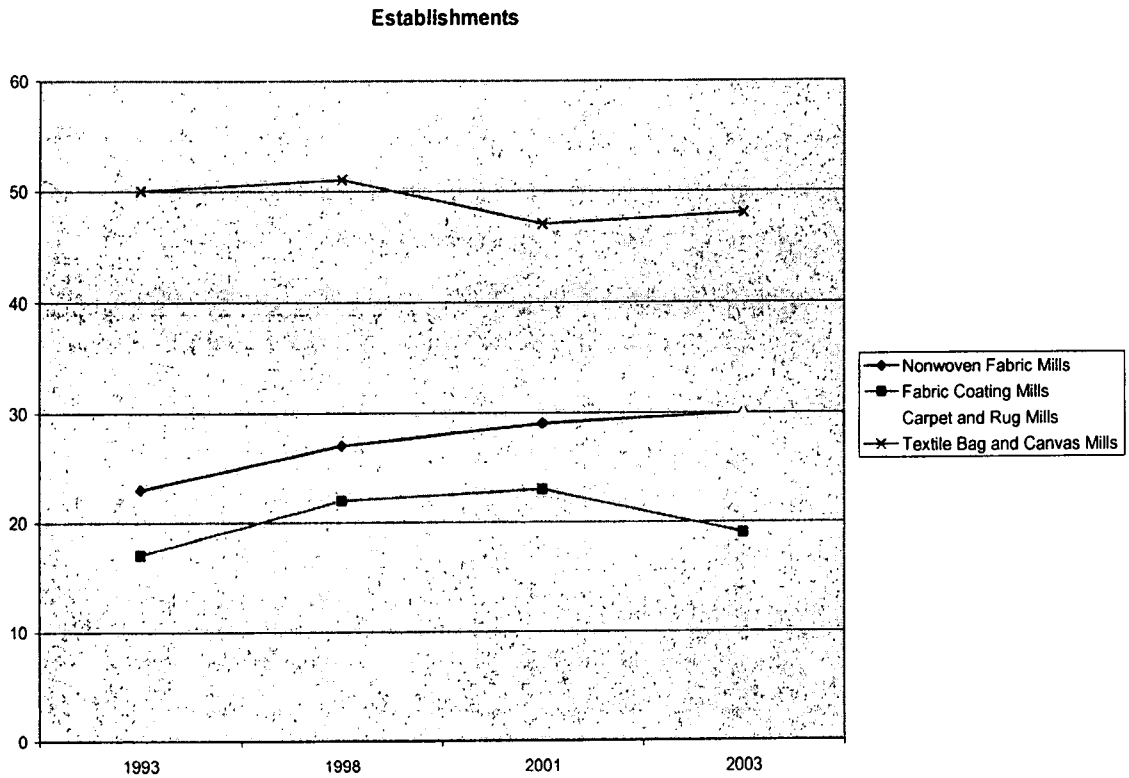
NAICS	Industry Description	Number of Plants	Annual Average Employment	Average Annual Wage per Employee
32522	Fiber and Filaments Manufacturing	46	5,175	$47,528
31323	Nonwoven Fabric Mills	30	2,480	$45,649
31332	Fabric Coating Mills	19	1,207	$35,204
31411	Carpet and Rug Mills	30	3,586	$27,048
31491	Textile Bag and Canvas Mills	48	1,543	$23,740

Source: NC Employment Security Commission

Figure 2: Establishments and Employment in Selected Textile Mill Sectors 1993-2003



Source: NC Employment Security Commission



Source: NC Employment Security Commission

Despite the recent decline and the dramatic job losses, the textile industry remains the largest manufacturing sector in North Carolina. With more than 86,000 employees, textile mills account for over 14 percent of all manufacturing employment and 3 percent of all private sector employment. One in every seven manufacturing employees in North Carolina works in textiles. The industry employs 25,000 more people than the next largest industry, furniture and related products, and more than twice the number of workers in computer and electronic product manufacturing. Total employment in the entire pharmaceutical and medicine manufacturing industry is just over 21,000, which is less than one quarter the employment in the state's textile industry.

According to state Employment Security Commission data, the average annual textile wage is $29,000, compared to $33,000 for all private sector jobs in the state. The growing nonwoven textile sector pays an average of $46,000, which is higher than the state's average manufacturing wage of almost $40,000. The state's retail sector pays an average annual wage of $22,000.

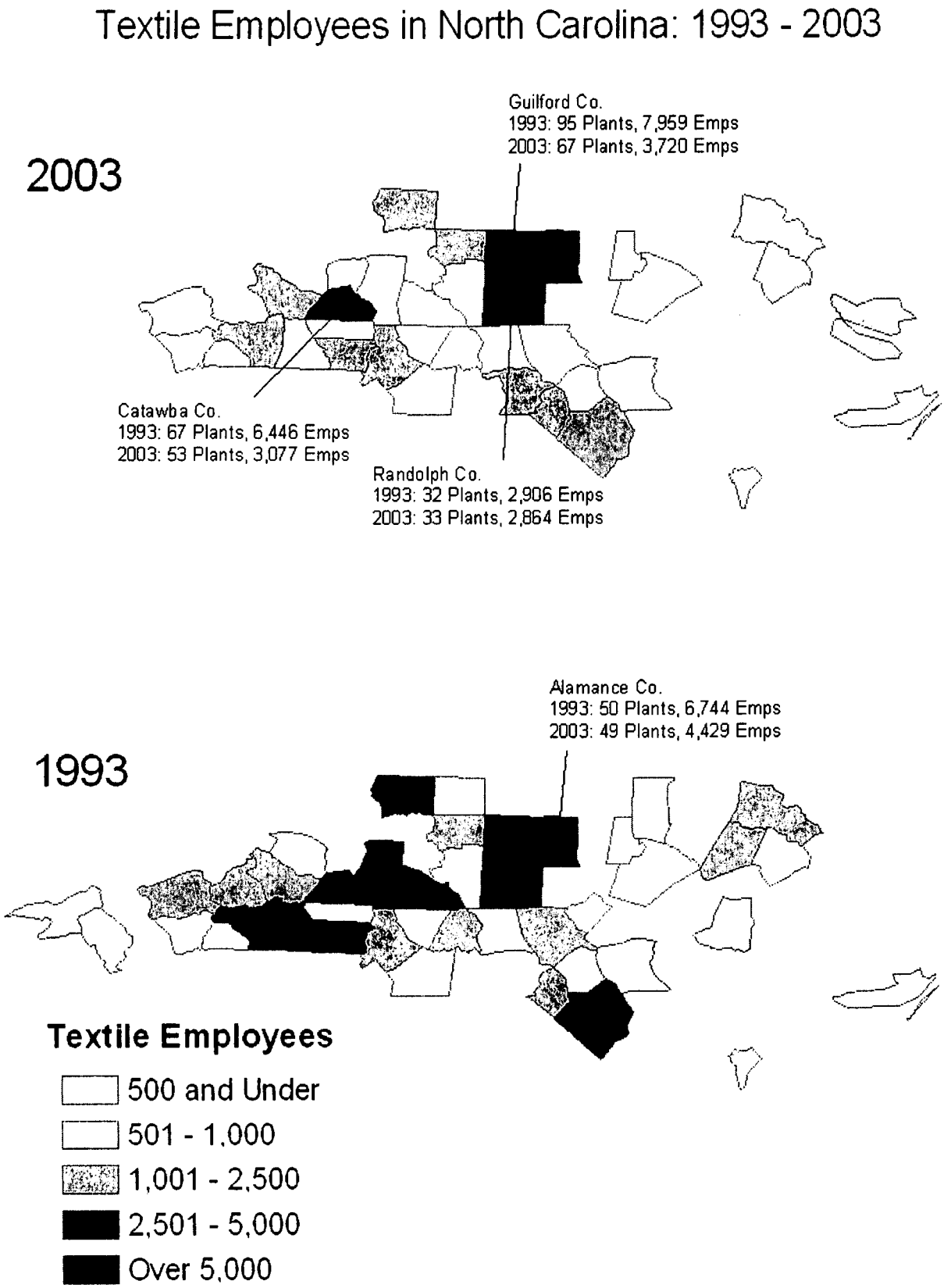
Table 2 and Figure 3 shows the distribution of textile plants in North Carolina and how heavily concentrated they are in particular counties. Mecklenburg, Catawba, and Guilford Counties each had more than 50 plants in 2003, followed by Randolph, Alamance, and Cabarrus Counties with 26-50 establishments each. The North Carolina Center for Applied Textile Technology is located within the Charlotte-Gastonia-Rock Hill Metropolitan Statistical Area (MSA)—which includes two South Carolina counties. The concentration of establishments in this area is substantial, yet the North Carolina part of this MSA accounts only for 17 percent of North Carolina's total textile employment and 14 percent of textile plants.

Table 2: Establishments and Employment in Textile Mill Products in the Charlotte-Gastonia-Rock Hill MSA

Industry Description	Establishments	Employees
Broadwoven fabric mills, cotton	17	1,157
Broadwoven fabric mills, synthetic fiber, & silk	14	932
Broadwoven fabric mills, wool	2	7
Narrow fabric mills	10	352
Knitting mills	52	3,181
Textile finishing, except wool	25	400
Carpets and rugs	8	18
Yarn and thread mills	65	7,279
Miscellaneous textile goods	33	479
Total	**226**	**13,805**

Source: Dun & Bradstreet

Figure 3: Distribution of Textile Employees in North Carolina



Source: NC Employment Security Commission

Textile Outlook and Projections

Total textile industry employment is expected to continue to decline, but losses will not be spread evenly across industry segments. The end of apparel quotas in 2005 will place increased pressure on that sector for semi-skilled labor. At the same time, an accelerated rate of implementation of technological and engineering advancements in textile production over the coming years is expected to create a higher-tech environment, resulting in the need for much more highly skilled technical workers. The textile jobs that remain or will be created are very likely going to be, on average, better paying and require higher level and different technical skills than current textile jobs. This trend is similar to all manufacturing in the US in which low-skill, low-wage jobs are quickly disappearing.

Pockets of Promise in the Textile Industry

As the U.S. textile industry transitions away from nearly all labor-intensive manufacturing activities, a few pockets of promise related to advanced textiles remain in play in the United States. Most of these are oriented towards one of two sub-sectors of the Engineered Fabrics and Fibers industry: nonwoven fabrics and nanotextiles.

Nonwovens

According to the Association of the Nonwoven Fabric Industry, nonwovens are "sheet or web structures bonded together by entangling fiber or filaments (and by perforating films) mechanically, thermally or chemically or by lamination. Most are flat, porous sheets that are made directly from separate fibers or from molten plastic or plastic film. They are not made by weaving or knitting and do not require converting the fibers to yarn." Nonwovens are engineered fabrics designed for specific uses ranging from consumer products such as disposable diapers and air filtration to durable goods manufacturing including automotive and home furnishings, to medical and health care applications. INDA (the Association of the Nonwoven Fabrics Industry), located in Cary, North Carolina, has represented this industry since 1968. It is growing in the state but is more dispersed than the woven sectors and less labor intensive. The industry works closely with the North Carolina Nonwoven Cooperative Research Center at North Carolina State University to meet its research and training needs. Many of the largest companies entering this market are branches of large multi-nationals. Examples of North Carolina companies in this field are Avgol America in Mocksville, Precision Fabrics Group in Greensboro, Freudenberg Nonwovens in Durham, Saertex USA in Mooresville, ASC International in Charlotte, and Slosman Corporation in Asheville.

Nanotextiles or "Smart Fabrics"

Nanotextiles are products in which "nanotechnology" (engineering at the nanometer scale, or one one-billionth of a meter - about five atoms wide) is used to create fabrics or fibers with innovative properties. According to Ineurotex, the Nano-Textiles Interest Group in Great Britain, textiles represent the first commercial applications of nanotechnology. Nanotextiles are engineered textiles: the main difference between these and traditional textile products is the

molecular scale at which they are produced. They represent a new component in both woven and nonwoven fabrics, as they can be implanted in many types of materials.

In the near term, these fabrics are being engineered to produce characteristics such as strength (anti-ballistic protection), temperature sensitivity, stain or wrinkle resistance, water repellence, antibacterial and antifungal properties, or comfort. In the long term, the technology is expected to advance to where it develops a new generation of "programmable materials" that are able to interact with other technologies such as computer sensors or microchips and produce even new applications. Key anticipated applications include smart garments for military (camouflage and energy storage), medical/health applications, and high performance clothing for consumer use. The technology underlying their development and production has as much in common with the biotechnology industry as with the traditional textiles industry.

Many of these new technologies, however, are still in the research and development phase, and few have as yet reached the market. A key industry leader is Nano-Tex, the first company to apply nanotechnology to the clothing industry. Its products are used in clothing made by Levis (Dockers), Eddie Bauer, and numerous other clothing companies. The company has global sales and marketing activities in North Carolina with R&D capacity in California, and manufacturing facilities throughout the globe. Nano-Tex is a spin-off from Burlington industries. Other companies leading development of nanotextile applications include W.L. Gore and Associates (Goretex), Ciba Specialty Chemicals, Kanebo Spinning Corp. of Japan, Toray Industries of Japan, and Teijin Fibers of Japan.

It is clear that there is an emerging "new" textile industry that will focus on industrial, medical, and military applications and that will require higher skills and pay higher wages than traditional textile companies. North Carolina, with its rich history and a mature textile cluster comprising a well-established supply chain and a sizable textile and biotech research base, is well positioned to be a major player in this future.

It is also important to bear in mind, however, that the success of traditional textile companies is still very important to the emerging future industry in the state (these companies require fibers and/or yarn) and that these companies should not be "counted out." While cut-and-sew apparel has largely disappeared, experts believe that less labor-intensive textile companies such as the fabric mills and knitted products (notably hosiery products) will be able to successfully compete with foreign producers based on advantages related to quality of product and speed to market. Further, the many North Carolinians who work in these companies, many of whom have low levels of education, receive higher wages than most other jobs for which they are qualified.

III. History and Governance of NCCATT

The North Carolina Center for Applied Textile Technology traces its origins to 1941, when the General Assembly authorized the establishment of a textile school in Gaston County. At that time, Gaston County, along with other parts of the Piedmont region of North Carolina, had a large number of textile mills. The school was built in Belmont, North Carolina on land donated by textile manufacturers and originally named the North Carolina Vocational Textile School. Its first classes were offered in 1943.

Legislative action in 1972 attached the Center, for administrative purposes, to the North Carolina Department of Community Colleges. In 1991, further legislative action made the Center the 59th institution in the Community College System. Though not designated a comprehensive community college, it was to continue its emphasis on the special training needs of textile workers.

Since its creation, the Center has operated under the control of a relatively autonomous Board of Trustees. The Board was established under the 1941 authorizing legislation. Statutorily assigned powers of the Board include holding title to property, directing and managing the affairs of the Center in accordance with policies and regulations of the State Board of Community Colleges, appointing a managing head (president), and appointing other employees of the Center. As a public institution, current statutes direct the Center to operate within the requirements of the Constitution and statutes of North Carolina.

The Board of Trustees comprises nine members as mandated by state statute, all of whom are appointed by the Governor. Trustees appointed by the Governor serve terms of four years, without compensation.

The Center's Board of Trustees operates under bylaws established by the Board. Officers of the Board include the Chairman, Vice Chairman, and Secretary. The first two are elected annually, with the President of the Center serving as Secretary to the Board and as an ex officio member. The bylaws call for six meetings per year on a bimonthly schedule. Powers and duties of the Board of Trustees, as listed in the bylaws, include the following:

1. To establish the mission and goals of the Center and to approve long-range plans.
2. To appoint the President of the Center, to assign presidential duties, and to evaluate the President.
3. To delegate to the President the appointment of other members of the faculty and staff. This must be done within legislative appropriations and in accordance with the regulations of the Board of Trustees, the State Board of Community Colleges, and State law.

4. To regulate the admission of students, tuition and fees, and all other matters pertaining to governance and administration of the Center. This is to be done by the adoption and publication of Board policies.

5. To issue certificates, diplomas, and degrees to qualified students on the recommendation of the faculty.

6. To provide and maintain suitable quarters and equipment for the Center.

7. To provide for the care, custody, control, management, and improvement of the assets of the Center.

8. To adopt curricula, subject to the laws and regulations of North Carolina.

9. To establish a private, non-profit foundation as a fund raising mechanism for the Center. The Board of Trustees appoints directors to the foundation's board.

As authorized in the bylaws, The North Carolina Center for Applied Textile Technology Foundation, Inc., was established as a private, non-profit foundation. It evolved out of a board of advisors that for many years provided advice to the trustees. Net assets as of June 30, 2004 were $207,000. The Foundation's bylaws include a dissolution section stating that in the event of dissolution any remaining assets would be distributed to another charitable organization. Foundation proceeds are used to provide staff development opportunities for Center personnel.

IV. Services and Activities of NCCATT

For much of its history, the Center's primary activity was a two-year unaccredited associate's program in textile technology. This program was intended to serve the industry by creating a pipeline of textile-specific entry-level workers, and was popular with both industry and employees. The latter filled its classes and the former hired from them—sometimes before completion. It was not, however, an accredited degree, because of to the industry-based (rather than academic) qualifications of the instructors and the lack of other degree offerings at the Center. This program was not accredited by the Southern Association of Colleges and Schools, meaning that (a) students' ability to transfer to other higher education institutions was problematic because other institutions did not need to accept the program of study and give students credits for coursework, and (b) no federal student grants or loans could be made to students. When the Center became part of the North Carolina Community College System in 1991, the System and Center worked to find ways to secure accreditation, but were unsuccessful. Ultimately, the Center stopped offering the two-year program after several efforts to deliver it with partner institutions and gain accreditation in other ways.

The Center subsequently shifted its focus to continuing education. It was at this stage that the Center began to experience "mission creep." In addition to the textile-related continuing education that it provided, the Center also began expanding its training offerings to textile companies to include, for example, computer courses and "soft" skills courses contextualized for the textile industry. In general, contextualizing courses for the industry can be valuable because it makes the learning more pertinent and useful to students. However, the Center next began to extend its computer and other courses to non-textile firms and to public institutions such as local schools and governmental agencies. As a result, conflict arose between the Center and Gaston College, especially at the leadership levels. The college pointed out that these classes were similar to what the college's Corporate Education department offered and had at least the potential for creating duplication of services. In 2003 the North Carolina Community College System office directed the Center to stop providing classes that duplicated Gaston's offerings.

Consequently, NCCATT is now in the early stages of a transition from a focus on education and training to providing a greater array of technical assistance and services to the textile industry. The main catalyst for the shift, which began only a few months before this study was conducted, appears to have been an audit that was conducted by the Community College System in September 2003. One of the primary findings of this audit was that the distribution of the Center's training activities and service activities was about 80 percent and 20 percent, respectively. The Center has begun efforts to reverse this distribution and offer more technical assistance to textile companies in light of the auditors' recommendation that these proportions be switched in order to emulate the mix of services and training offered by the state's Hosiery Technology Center. The transition has been assisted by contributions of more up-to-date textile machinery by several textile companies close to the Center.

There are several reasons behind the transition underway at the Center, the foremost being that its client companies have experienced a shift in priorities themselves. The decline in the U.S. textile industry in recent years has meant that even some of the largest textile companies have had to eliminate or reduce their capacity in some functions such as product testing and development, that they previously performed in house. This capacity reduction has created a need for an external source of these and other services that could help textile companies save expenses and become more competitive with foreign firms. Meanwhile, demand for formal training programs has significantly declined because there are fewer companies and because textile companies are seeking less formal, degree-based preparatory training for their employees, looking instead for focused, skill-specific training for both new and incumbent workers.

Table 3 below provides an overview of the Center's projects for industry from 2001 to 2004 (2004 data are necessarily incomplete). Because the table is only for the previous three and a half years, these data do not represent the degree-focused phase of the Center's history; they do, however, show the transition that began in 2004.

The time NCCATT staff spends on non-textile specific activities has declined significantly. Their agreement not to offer courses that duplicate Gaston College's offerings appears to refer primarily to computer-related courses, which have all but disappeared from their project list. However, Center staff members still teach some courses that seem at best tangential, such as memory enhancement and management organization techniques for textile executives, and some that are clearly unrelated to textiles, such as personal finance for high school students. While there is little doubt that these classes are useful and well intentioned, they are of concern for two reasons. The first is that it will be nearly impossible for the Center to succeed, in any form or incarnation, as an innovative resource for industry without an extremely targeted and streamlined focus on textile technologies, and on developing and maintaining the capabilities and expertise that it will need to order to be a leader for innovation and competitiveness in the textile industry.

The second concern is that providing classes such as these still leaves room for future conflict with Gaston College over which institution should be handling which kinds of training and service. It may well be that there is an argument for teaching soft skills and professional skills in the specific industry context in which they will be used, which would suggest that the Center staff have the best expertise to offer such training. At the very least, however, these issues should be examined collaboratively and a very clear understanding reached about the purviews of each institution and processes for handling industry services that are not textile technology specific.

Table 3: Scale of NCCATT Training and Services by Type of Training

Type of class/service	Number of classes/ projects	Number of companies served	Total number of trainees	Total number of training/project hours
2001				
Job Readiness Skills	10	2	125	118
Information Technology	198	19	1782	2125
Professional/Management	50	11	677	350
Technical – Textile	37	7	246	864
Technical – Non-textile	18	3	103	675
Total	**313**	**42**	**2933**	**4132**
2002				
Job Readiness Skills	8	3	132	99
Information Technology	164	13	1183	1715
Professional/Management	68	11	1431	351
Technical – Textile	74	9	541	2199
Technical – Non-textile	11	3	93	503
Total	**325**	**39**	**3380**	**4867**
2003				
Job Readiness Skills	12	4	83	163
Information Technology	98	5	432	684
Professional/Management	33	5	346	179
Technical – Textile	57	5	481	2403
Technical – Non-textile	7	1	24	120
Total	**207**	**20**	**1366**	**3549**
2004				
Job Readiness Skills	2	1	11	98
Information Technology*	6	3	3	16
Professional/Management**	145	73	66	314
Technical – Textile***	157	58	23	2269
Technical – Non-textile	1	1	1	20
Total	**311**	**136**	**104**	**2716**

Source: NCCATT

* In this case, six IT projects were logged. Three involved individual training, and three required specific assistance (i.e. spreadsheet development). Individual students were not counted as a "firm" but instead were counted in the "trainees" column.

** Firms requesting technical assistance were not counted in the "number of trainees" column

***includes product development totals and product testing (some testing hours are an average)

Although NCCATT has started to adopt a new approach for focusing more on the industry's competitiveness needs, it has not created a strategic or business plan that outlines its approach to find new markets, reach a broader and more geographically dispersed group of companies, or analyze evolving staffing needs. The Center will need a concrete and detailed plan if it is to succeed in the transition and adjust to the changes in the North Carolina textile industry as it evolves from a mass-production, commodity-based products industry to one based on more highly specialized fabrics, niche markets, and non-woven materials.

NCCATT's Client Base

The Center appears to have a quite concentrated client base, which limits its impact on the textile industry in North Carolina. The Center's mission calls for it to be a statewide organization, serving and promoting the textile industry throughout North Carolina. Most of the Center's services, however, are provided to firms in the greater Charlotte-Gastonia-Rock Hill area. In fact, of the total 5,192 training and service hours provided by the Center from 2001 to 2004, 86 percent were provided to clients within 20 miles of the Center. Considering only textile firms, 84 percent of service hours were provided to firms within 20 miles of the Center. Of the 156 client firms and organizations that the Center served during this time period, 48 of them were textile companies – out of 226 textile establishments statewide.* Table 4 below shows the distribution of the Center's North Carolina clients by location. (Because this information concerns the fulfillment of the Center's statewide mission, data from six out-of-state clients were not included.)

Table 4: NCCATT North Carolina Clients by Distance from Center, 2001-2004

		0 – 20 miles from Center		21 – 100 miles from Center		More than 100 miles from Center	
		#	% of total	#	% of total	#	% of total
All clients	Clients	80	62%	28	21%	22	17%
	Contact hours	5,192.95	86%	449.25	7%	440.25	7%
Textile firms only	Clients	24	50%	14	29%	10	21%
	Contact hours	4,134.2	84%	420	9%	376.75	8%

Source: NCCATT

This concentration in the region is due, to some extent, to the textile industry's considerable concentration in the Charlotte region. However, as noted earlier, the North Carolina counties within this MSA are home to only 14 percent of the state's textile plants. Of the 48 textile companies that the Center served from 2001 to 2004, six have representatives on the Center's Board of Trustees, on the Foundation Board of Directors, or both. Importantly, of the approximately 4,134 service hours that the Center provided to textile firms over this time period, 2,576 of them (79 percent) were delivered to Board member firms. (The vast majority of

* To produce the most liberal estimate possible, when a client firm's status was undetermined, we assumed it to be a textile firm.

these hours - 2,048 - were provided to one Board member firm.) Another 140 hours were provided to educational institutions that are represented on the Board of Trustees.

NCCATT's Relationship with the Community College System and Institutions

One recommendation of the System auditors that does not appear to have come to fruition is for more extensive and formalized cooperation between the Center and Gaston College. If anything, the directive to curtail some of its non-textile activities has placed more distance between the college and the Center, especially at the leadership level.

The staff members of the two institutions occasionally collaborate and appear to work well together, and Center staff also work at times with other community colleges when asked to provide training or expertise through the Community College System's industry training programs. In general, however, the Center has remained – though formally a part of the System – separate from its fellow member institutions. While over the past 12 years, NCCATT reports working with more than half of the state's community colleges on training projects at some point, on average it only happens to happen about five times a year. Since becoming part of the System in 1991, there has been little transfer of textile expertise to other community colleges.

For much of its existence, the Center did no formal effectiveness accounting to the System or any other body (including its own Board). The Center does not produce an annual report. The audit of September 2003 noted that the Center does not regularly submit the same student and class data that the community colleges do, and recommended that the System devise some way of collecting these data from the Center.

One exception to the Center's removed relationship with other System institutions is the Hosiery Technology Center at Catawba Valley Community College. When interviewed, the leadership of both institutions and the staff of the Center reported that the two institutions have collaborated several times with good outcomes, and have always worked well together.

Collaboration with Gaston County Public Schools

The Textile Center also has an arrangement with the Gaston County Public School System to provide instructors and facilities for two vocational education programs: construction and electrical trades. This program has been in place for nearly ten years. The Center employs two full-time instructors, at a yearly cost of $79,404,* to serve as the teachers for these programs, in return for which the school system pays the Center a fee that is equivalent to the cost of 1.2 full-time secondary-level teaching positions. The Center provides the facilities for the classes, which are taught on-site in the Center's original building, and also provides all facilities and equipment for the classes. The advantages to the school system of working with the Textile

* Figures taken from North Carolina Community College System salary data.

Center as opposed to a community college or other institution, as expressed by the system's Director of Career and Technical Education (who has sat on the Center's Board for six years), are significant: free use of Center facilities and equipment, savings on teachers' salaries, and instructors who replicate the high school curriculum even though the courses are taught off-site. Table 5 below shows the utilization of these two courses over a four-year span.

Table 5: Students and Enrollments in Secondary-Level Trades Courses Taught at NCCATT, 2001 – 2005

School Year	Number of Students	Number of Enrollments*
2001-02	68	95
2002-03	93	108
2003-04	83	106
2004-05	177	204

Source: Gaston County Public Schools

*Because some students are enrolled in multiple classes or multiple semesters of the same class, the number of enrollments per year is higher than the number of students.

The jump in enrollments in the current year is due to the expansion of the foundation trades course taught at the Center, Introduction to Trades and Industrial Education. The school system expects that this increase will produce higher enrollments in the higher-level construction and electrical trades courses in coming years.

Critical Success Factors

NCCATT recently established performance measures called Critical Success Factors in order to increase accountability for the organization. Rather than impact or outcome measures, these are primarily throughput measures related to the number of companies served and individuals trained. One measure is the percentage of clients that express satisfaction with the service they received from NCCATT, a number that exceeded 95 percent in both 2002 and 2003, the only years it has been tracked.

V. Hosiery Technology Center

The scope of work for this report specifically directed the project team to interview and consider the Hosiery Technology Center (HTC) located at Catawba Valley Community College and with a small satellite facility in Asheboro at Randolph Community College to serve the firms clustered there. Since 1990 the HTC has focused on meeting the needs of hosiery companies. While it conducts training, the major focus is helping manufacturers to adapt to a new intensely competitive global culture, seeking new efficiencies and undertaking aggressive marketing strategies. HTC traces its origin to leadership at the Carolina Hosiery Association, which organized and lobbied for a dedicated Center to help the highly networked hosiery companies maintain their competitiveness.

When making comparisons between North Carolina's hosiery cluster and the more broadly defined textile industry it is important to bear in mind that hosiery is, obviously, a more narrowly defined sector and that the companies that HTC serves are more homogenous in their products and processes than the more diverse textile cluster. Further, hosiery companies are more concentrated around one geographic area, Hickory, than is textiles. The two tables below provide baseline information for HTC and NCCATT. Overall, HTC has a smaller staff and budget. It receives a much larger percentage of its total budget from fees for service than NCCATT—35 percent compared to 12 percent. HTC served 165 companies in 2003, about 145 of which received technical assistance. NCCATT started providing technical assistance services in late 2003 and has served 122 companies or organizations to date. However, analysis shows that only 36 received more than 5 hours of assistance. The exact comparable figure for HTC is not known; however, the "145" for HTC includes only companies who paid for the assistance, meaning it was a substantive engagement.

Table 6: Key Hosiery Technology Center Data

Staff	13
Self Supporting Revenue Budget ('04)	$335, 918
State Support Budget ('04)	$600,000
Total Non-Capital Revenue Budget ('04)	**$935, 918**
Number of Companies Receiving Technical Assitance ('03)	145

Source: HTC

Table 7: Key NCCATT Data

Staff	19
Self-Supporting Revenue ('03)	$187,666
State Support ('03)	$1,402,034
Total Non-Capital Revenue ('03)	**$1,589,700**
Number of Companies Receiving Technical Assistance ('04 to date)	122*

Source: NCCATT

*Only 36 of these received more than 5 hours of assistance and many were non-textile companies or community organizations.

VI. Facilities and Equipment at NCCATT

NCCATT facilities, owned by the State of North Carolina, comprise two buildings with 90,000 square feet of space. The original structure, built in 1941, is the larger of the two. It has four classrooms and 13 labs. The Lab and Administration Building (LAB) was built in 2003 and has two classrooms, four labs, and an auditorium. The newer LAB, however, was not built with "smart" classrooms, thereby somewhat limiting technical capabilities for educational programming. Videoconferencing and internet teaching capacity, in particular, would enhance the Center's ability to fulfill its statewide mandate by virtually reaching distant in-state clients.

While the configuration of these buildings may have suited the NCCATT in the past, a change in mission may require some facility renovation. The number and configuration of labs may require alteration in order to maximize efficiency. The details of these changes will be clear once it is decided exactly how the facilities will be used. It is not clear at this point, given the Center's ongoing transition from education programs to technical services, exactly how the Center's future textile-specific activities should be allocated between the two facilities. The Center is in the process of installing several pieces of textile equipment and machinery, which have been loaned by local textile firms, in the original building. The Center has also made the original building available for a wide variety of community users, including some local textile companies, the Gaston County high schools, the local sheriff's department, and the local Department of Motor Vehicles.

Table 8: Characteristics of NCCATT's Two Buildings

Building	Date Built	Value, $	# of Stories	Gross Square Feet	Number of Class-rooms	Total Seating Capac.	# of Labs	Lab Square Feet	Addition-al Space
Main Building	1941	4.34 m	3	64,000	4	106	13	23,600	N/A
Lab and Adminis-tration	2003	3.19 m	2	26,000	2	30	4	6,600	Audit. seating 98
Totals:				90,000	6	136	17	30,200	N/A

Source: NCCATT

NCCATT estimates the yearly maintenance expenses for operating and maintaining the Center to be about $420,000, about one third of its yearly state support. This includes three full-time and one part-time maintenance personnel, utilities, and three state-owned vehicles. The Center also cites a current need for about $75,000 in necessary repairs.

NCCATT Equipment

Most equipment at the NCCATT is on loan from the State, NCCATT's foundation, or from local businesses. It is estimated that the total value of this machinery is over $5 million. NCCATT owns several pieces of equipment. According to Center staff, however, most of it is obsolete. Although the State and the foundation contribute some machinery to NCCATT, the vast majority of equipment is on-loan from local industry. It is a testament to NCCATT's relationship with certain companies, especially Wellman, that this equipment is available: without it, it is unlikely that NCCATT would be able to offer the testing services it recently began. A complete listing of this equipment, as well as the pieces owned by the Center and the State, is in Appendix B.

VII. NCCATT Personnel

The Center has recently been downsizing, due in part to its ongoing transition toward an emphasis on technical assistance and industry services. A year ago, its staff included 26 positions, most of which were full-time. The staff today includes 19 positions below the rank of President, of which three are part-time. All positions but one were filled at the time of this report. The positions that have been eliminated include two Computer Instructors, Director of Marketing and Public Relations, Marketing Coordinator/Media Specialist, Sales Coordinator, one adjunct faculty, and a part-time receptionist. Even with the smaller staff, the Center still spends 80 percent of its budget on salaries (see financial section). Of the 19 current positions, seven of them are textile-specific, one of which is vacant. The sum total of filled full-time positions, filled part-time positions, and the president's position is 17 full-time equivalent positions.

The Center staff is divided into two branches: Financial and Administrative Services and Business Support Services. The former branch is led by the Dean of Financial and Administrative Services, who holds an MBA and a Ph.D. in higher education. She supervises two financial, two administrative, and four maintenance positions. Approximately 40 percent of the Center's staff plays administrative roles. (The leader of the second branch is the Dean of Continuing Education and Business Support Services, described below.)

Since the focus of this study is on the textile-specific capacities of the Center, the detail given will focus on the six textile-focused Center employees in the second branch. The organizational system of the Center is in flux; currently all of the textile-focused personnel carry the title Textile Technologist under the NC Community College System structure, but a system is under consideration that would distinguish between the higher-level personnel according to function. These personnel are more distinguished by their particular areas of expertise within the textile industry, however, than the functions they perform; most high-level personnel perform a range of functions on the projects they manage. The following profiles of key textile-related staff at NCCATT, which show both titles, give a picture of the education, experience, and expertise of these personnel.

- **Textile Technologist/Dean of Continuing Education and Business Support Services.** B.S. in Textile Chemistry from N.C. State University and has pursued graduate studies in the same department. More than twenty years of experience in the textile industry, including positions directing textile research and development activities. Areas of expertise: textile chemistry, quality control, product development, dyeing and finishing, product formation (knitting and weaving). Supervises positions below.
- **Textile Technologist/Director of Product Development Services.** A.S. in engineering from Catawba Valley Community College, a B.S. in Textile Chemistry from N.C. State, and an MBA from Pfeiffer University. Seven years of industry experience as a textile chemist, including department manager and quality control positions; areas of expertise

include synthetic fibers and dyeing and finishing. Supervises Process Specialist (see below).

- **Textile Technologist/Director of Technical Assistance and Instructional Services.** A.S. in electronics from Bell & Howell Correspondence School and a number of IT certifications. More than 30 years of industrial experience, of which five years have been in the textile industry. Areas of expertise include industrial maintenance and textile machinery. Supervises Technical Specialist (see below).
- **Textile Technologist/Director of Physical Testing Services.** B.S. in Textile Technology from N.C. State University. Thirty years' experience in the textile industry, including a nine-year stint as Plant Manager and Director of Quality. Areas of expertise: yarn manufacturing and quality control. Supervises Testing Specialist (currently vacant).
- **Textile Technologists/Process Specialist (part-time).** Thirty years' experience in the textile industry. Areas of expertise: textile machinery and yarn.
- **Textile Technologist/Technical Specialist.** Certificate in Electrical Installation and Maintenance. Twenty-five years' experience in the textile industry. Areas of expertise: electrical and industrial maintenance and textile machinery.

The table below offers an analysis of the salary structure of the Textile Center, compared to that of the rest of the North Carolina Community College System. As the dual titles above suggest, it is difficult to make direct comparisons between the two structures, due to the textile-specific experience and expertise that are required of the Center's staff. When the staff positions are grouped into general categories, however, we can see that in several categories, particularly continuing education and technical/paraprofessional, NCCATT's salaries are significantly higher on average than those in the rest of the System. These categories capture the majority of the Center employees with textile-specific expertise.

The overall salary average of the Textile Center is only slightly higher than that of the system as whole, due to the lower salary that the position of president carries at the Center compared to the other community college presidents.

Table 9: Salary Comparisons Between NCCATT and the North Carolina Community College System*

Employee Category	NCCATT Positions	Average NCCATT Salary (FTE)	Average NCCCS Salary (FTE)
President	1	$114,480	$126,782
Senior Administrators	2	$77,766	$77,187
Staff	1	$52,308	$44,085
Continuing Education Faculty	5	$41,634	$28,818
Technical/Paraprofessional	2.5	$44,388	$30,044
Support	1.5	$28,788	$25,518
Maintenance	4	$25,209	$22,726
Total	**17**	**$54,006**	**$50,737**

*Source: Salary data from North Carolina Community College System. Categorization of NCCATT employees confirmed by Center president.

VIII. NCCATT's Finances

NCCATT receives almost all of its state support from state dollars. The amount of state funding decreased from just over $1.6 million in 2001 to closer to $1.4 million in 2002 and 2003 (see Table 10). The 2004 appropriation was just over $1.3 million. What NCCATT calls Operating Revenues comprise the fees and other income that the Center recovers for its services. This amount has decreased substantially since 2001 from more than $258,000 to about $188,000, a drop of almost 30 percent. This decline in revenue coincides with when the Center was asked to stop offering computer courses that duplicated those offered by area community colleges, a move which decreased very significantly the amount of training the Center did and hence its fee-generated revenues.

NCCATT opened its second building in 2003; a facility constructed through funding from the higher education capital improvements bonds approved by North Carolina citizens about five years ago. The significant decrease in net assets over the last three years is a result of drawing down the funds for the new building as construction continued and then was completed.

Table 10: Statement of Revenues, Expenses, and Changes in Net Assets
North Carolina Center for Applied Textile Technology
Fiscal Years Ending June 30, 2003, 2002, 2001

	2003	2002	2001
Operating Revenues	$ 187,666.48	$ 220,621.05	$ 258,876.50
Operating Expenses	(2,312,863.82)	(3,930,843.37)	(1,946,397.29)
Non-operating Revenues*	1,402,033.76	1,427,797.08	1,645,365.84
Due from Capital Grants	198,955.06	697,045.40	2,029,447.00
Change in Net Assets	(524,208.52)	(1,585,379.84)	1,987,292.05
Net Assets – Beginning of Year	843,078.11	2,428,457.95	(441,165.90)
Net Assets – End of Year	$ 318,869.59	843,078.11	$ 2,428,457.95

Source: NCCATT Financial Audits, 2001, 2002, 2003

*Non-operating Revenues = State and nongovernmental contracts and grants, restricted and unrestricted investment income, and other revenues and additions

IX. Textile Industry Needs

General training and technical assistance needs

As the textile industry changes in North Carolina, the training and technical assistance needs of the state's firms are also evolving. Currently, the demand among textile firms for specialized textile training, either credit or non-credit, is not particularly high. The low demand for training is a result of a decline in number of companies and because of the survival mode in which many traditional textile firms in the state are now forced to operate. Industry stresses cause firms to run much leaner operations and they no longer believe they can afford to devote as many resources to training opportunities for employees.

As discussed earlier, both the recent growth that has occurred in the state's textile industry and forecasted potential growth are focusing on relatively new textile sectors, such as nonwoven products, medical textiles, defense textiles, nano-textiles and fiber-based manufacturing (e.g. tires, golf clubs, etc.). Firms specializing in these areas recently have moved into the state, and economic development officials report growing interest in the state from these types of firms. The newer textile products use a variety of industrial manufacturing processes, many of which require different technical assistance and different types of skills than can be offered through NCCATT as it is currently configured. Employees in nonwoven textile companies, for example, may need to understand bonding processes and the responses of synthetic fibers and sheets to temperature or humidity changes. In addition, in some instances, the sectors are so new that their training needs have not been fully articulated.

One sector that does have a significant need for training and technical assistance is yarn production. Strong yarn manufacturers are absolutely critical if North Carolina is to maintain a textile industry, and more than 60 of these companies are located near NCCATT's location. If yarn manufacturers fail in the state, remaining textile companies further down the supply chain—both in mature industries like hosiery and in emerging industries such as medical and defense-related textiles—would be adversely affected. For traditional companies, failure of the yarn manufacturers would mean that they would have to turn to overseas suppliers, removing the one competitive advantage that remains—speed to market. Emerging textile sectors would also be affected, as fewer firms might relocate to North Carolina without the draw of a mature industry cluster that includes local yarn manufacturers.

Most of this analysis of industry trends and general technical assistance needs has focused on the needs of larger textile firms. While certainly the majority of employees in North Carolina do work at large textile companies, there are 865 textile companies in the state with fewer than 100 employees.* NCCATT has by and large not served these companies and learning more about

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* Source: Dun & Bradstreet

the training and technical assistance needs of these firms and learning how to better serve these firms could be vital to improving the state of North Carolina's textile industry.

Needs of individual firms

For this study, the project team interviewed owners and operators of textile companies, as well as industry experts and economic developers, to determine the most pressing training and technical assistance needs of firms. Most employers in the traditional textile sectors today believe that the days of requiring a degree program in have passed. Industry experts, however, see a potential need in the future for higher-level textile technicians as the industry moves to more advanced levels. The Bureau of Labor Statistics, for example, projects a 13 percent increase in computer specialists and an 18 percent increase in extruding and forming machine setters, operators, and tenders for synthetic fibers, even as industry employment declines by more than 4 percent.[4] A new technician program would likely concentrate more on understanding textile materials and processes to allow individuals to work at different types of companies that all use fibers as a key input in their products.

But even while technical requirements increase, companies also still look to community colleges to help prepare the entering labor force. For example, companies expect the public sector to provide English as a Second Language (ESL) and basic math and English for those lacking basic competencies. Programs that integrate into their ESL programs the unique language of the industry where they are working have a better chance of reaching the students and at the same time better preparing them for the environment in which they will work.

The firms interviewed expressed real needs in the area of technical assistance, particularly research and development. Many companies, particularly those that are smaller, simply do not have the resources to invest in R&D. The Center or other technology providers can assist these firms in getting new products to market through rapid prototyping and by running small samples of new styles to show to potential customers. Start-up companies and small firms often do not have the staff capacity or machinery to do prototyping internally, making a resource like the equipment available at the Center extremely valuable. In certain cases, this prototyping can help larger companies as well. Often, it can be difficult for these large firms to interrupt their regular runs of product to do a small sample run of something new.

Technical assistance can also be helpful in testing the quality of product at the company. For small companies, they may lack the testing equipment that customers require. For larger companies, equipment such as that located at the Center can offer an independent assessment of a product's quality, something that is usually required before a product can be brought to market. The Hosiery Technology Center (HTC) at Catawba Valley Community College developed quality standards for hosiery products and does a significant amount of testing at its lab, a service that benefits producers and retail customers.

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[4] U.S. Department of Labor, *The Past, Present and Future of Employment in the Textile and Apparel Industries: An Overview*, A Report to the Congress, May 2004, p. 48.

Firms interviewed were generally very positive about equipment from Wellman Industries and others that has recently been loaned to the Center. The equipment is seen both as a demonstration of that company's support for NCCATT and as a valuable resource for firms.

Industry experts see the technical assistance needs of textile firms as centering on issues of flexibility. According to individuals interviewed, textile firms do not have a history of being quick to change. Textile firms also need assistance in developing their ability to innovate. Firms need to stay on top of technology trends and emerging markets. Several experts pointed to the need for an information hub that could better disseminate this type of information. Firms could also benefit from assistance with taking better advantage of government procurement opportunities. A concrete service that provides procurement and bid requests from governmental agencies would greatly assist companies looking to expand their market opportunities. HTC's *Legsource.com* is a good model of such a service.

Other NC Resources for the Textile Industry

North Carolina—as befits a state with such a mature textile industry—has the largest textile research base in the country. A unique combination of academic, government and private industry groups provide significant amount of research and technical assistance to textile firms in the state. Below, brief descriptions of some of the most important providers show how they complement some of the activities of NCCATT.

North Carolina State University College of Textiles: NC State University hosts one of the nation's most respected schools of textiles. While much of the work of the university centers on teaching incumbent students, the college offers a significant amount of assistance to the industry. Several firms interviewed for this study, for instance, used NC State for technical assistance, stating that the distance between Gaston County and Raleigh was not a barrier to service. However, NC State's main focus is not on working with companies to meet their day-to-day needs and their services are not oriented toward helping firms bring new products to market. The advanced equipment located at the Raleigh campus is often tied up in conducting large-scale activity in support of faculty and student work. Indeed, the university tends not to pursue much activity that doesn't have at its core a research angle. This limitation means the small scale testing needed by small companies is not usually performed by NC State. The university also does not stress rapid response to all companies request for service. A backlog of research and limited faculty availability can mean that firms have to wait significant amounts of time before receiving assistance.

North Carolina Nonwovens Cooperative Research Center: NCRC was established as a State/University Cooperative Research Center in 1991 with a grant from the National Science Foundation and receives funding from the State of North Carolina and the industry. The Center serves the nonwovens industry through fundamental and applied research in nonwoven technologies and through an active technology transfer program. Core research programs—including the development of new materials, the modification of existing materials, and the development of instrumentation and test methods for nonwoven fabrics—are developed jointly by NCRC faculty and staff and member companies. NCRC also carries out research for individual companies. Membership is open to any company, worldwide, that is involved in

manufacturing nonwoven roll goods, converting roll goods into final products, or supplying machinery or raw materials to the nonwovens industry. Research activities are carried out in cooperation with many other universities. In addition, the Center provides high-level training and assistance in the implementation of technologies developed by NCRC, offers courses taught at plant sites, workshops, seminars, conferences, and one-on-one consulting. NCRC also operates pilot facilities at companies for manufacturing various types of nonwovens. NCRC's physical and mechanical testing lab offers analytical equipment to test critical properties of nonwovens.

Industrial Extension Service (MEP): The federally sponsored industrial extension service located at NC State does serve a significant number of textile clients. However, the MEP concentrates most of its work on assisting companies to pursue general quality improvements such as lean manufacturing and other business operations issues. Programs offered through MEP do not have a specific textile focus.

***TC²*: The Textile and Clothing Technology Center (TC²),** based in Cary, is a national research facility concentrating on sewn goods and apparel. The industry-sponsored center operates a production facility at its headquarters that serves as a demonstration center for advanced apparel technologies as well as conducting research that benefits the apparel and sewn products sector. TC² does provide some direct consulting to firms on both technology and general business practices, though it is not limited to North Carolina in its delivery of these services. One of the specialties of TC² is offering information to clients on improving their understanding of the supply chain and how relationships in that chain can be improved and perfected.

Institute of Textile Technology: ITT is a textile research and consulting group which recently moved to NC State's Centennial campus in Raleigh. ITT primarily focuses on advancing textile research, although it does offer some consulting services to firms through its for-profit subsidiary ITT Technologies, Inc. (ITT3), which is located in Greenville, South Carolina. ITT3's services, as advertised, include: "analysis and testing of chemicals and materials; in-plant studies to evaluate process improvements or to provide troubleshooting, proprietary research and product development; environmental and energy studies and audits, engineering services for textile processes and environmental systems."

Private industry groups: Cary is also home to two large industry initiatives: Cotton, Inc, which promotes the use of cotton by industry and consumers, and INDA, which is the Association of the Nonwoven Fabrics Industry. Both these entities promote research and training among textile firms.

X. Key Findings

As the project team acquired data, information, and insights through research and interviews for this project, several common themes emerged that were reinforced by information from multiple sources. This section pinpoints these themes to produce several conclusions that serve as keystones for the recommendations for the future of NCCATT.

Despite recent job losses, the textile industry is still very important to North Carolina.

Textiles still comprise the largest manufacturing industry in North Carolina, employing more than 86,000 workers across the state. While the industry has lost thousands of jobs in recent years, two factors mitigate this loss and indicate that textiles should not be counted out as an important source of jobs and growth for North Carolina. First, the textile industry is not homogeneous. Job loss has been concentrated largely in the traditional, labor-intensive, commodity-product textile operations. At the same time, new opportunities are being created in other segments of the textile industry, such as nonwoven and nanotextile products, which are finding new applications in markets such as defense and medical supplies. These technology-intensive, highly specialized fields hold the potential to create significant numbers of higher-paying, skill-intensive jobs.

Second, even the traditional segments of the textile industry have the potential, with targeted support and technical assistance, to compete successfully with foreign manufacturers. While labor-intensive cut-and-sew operations are not likely to return to this country, more capital- and technology-intensive firms such as fabric mills and knitted products have opportunities to develop advantages based on quality and speed to market. North Carolina has significant opportunities to develop in the textile industry, and should not write the industry off.

The textile industry needs a dedicated center for applied technology services and technical assistance.

The textile industry is highly specialized, making use of processes and inputs not shared with many other manufacturing industries. The expertise and knowledge required to diagnose the needs of textile companies, create targeted solutions, and implement training and technical assistance projects are highly specific to textile technologies. It takes higher levels of specialized expertise and experience than most community colleges can employ or afford. Only by focusing resources, can the state afford to meet the skill and technical needs of its most important employers and the career opportunities of its labor force. In addition to NCCATT, North Carolina does have several organizations that now offer high-level services and resources for the textile industry, but these organizations concentrate primarily on research and development, not on immediate applications of that research or training. If the opportunities offered by the textile industry are to be realized for North Carolina, the industry needs to be served by a dedicated center offering applied textile industry-specific programs, services and expertise.

The isolation and lack of accountability at the Textile Center have allowed it to drift away from its core mission.

It follows from the preceding conclusion that an industry center would require a certain degree of autonomy in order to focus completely on the needs of industry. As it currently operates, however, the Center's status has gone beyond autonomous to isolated. Though the Center is part of the North Carolina Community College system, it is not directly connected to the instruction, economic development or workforce development programs of the system because it is not part of a community college and does not operate under the same regulations or funding streams. The Center receives almost all of its financial support directly from the NC General Assembly, without specific guidelines or accountability for its use.

This lack of accountability and oversight has led to a situation in which the Center has seemed to lack direction and purpose. It drifted away from its core mission, spending its resources and efforts on clients outside the textile industry. It also established a structure that incurs very high administrative costs (about 40 percent of the staff are administrative), reducing the impact of the state dollars put into the Center. The Center does not appear to have tried to leverage state funding by seeking out and securing additional support from other sources (with the exception of some recent equipment loans from industry). Neither has it acted proactively to develop tight partnerships with other research and service providers for the textile industry, or to fulfill its statewide mission: it serves mainly a small core group of firms that are located close to the Center facilities. In fact, historically the Center has taken a reactive stance in serving industry needs, waiting to be asked to address specific problems rather than being a leader at the forefront of efforts to help the industry innovate and develop new markets.

All in all, it appears that the Center's autonomy has translated not into independence, but into lack of direction and accountability.

The Hosiery Technology Center provides an excellent model of compromise between autonomy and accountability.

The Hosiery Technology Center (HTC) demonstrates that an industry center can maintain a tight focus on its target industry while also being part of a community college. HTC, which has been part of CVCC since its inception and whose director reports directly to the president of the college, is widely recognized as being one of the most effective, efficient, innovative industry technology centers in the industry. It has been able to realize significant economies by being under the administrative and operational umbrella of the college, yet it has always had the autonomy it needed to focus directly on the needs of hosiery manufacturers, and has always been evaluated according to its economic impact on the industry, not according to education-based measures such as the number of students in its classes. Complete institutional independence, such as the Textile Center has had, does not appear to be necessary in order to achieve the level of autonomy needed to provide innovation-based, fast-turnaround technical services and assistance to a specialized industry.

This balance between autonomy and accountability is achieved largely through a positive working relationship between the director of HTC and the president of the college, as well as a

clear recognition on the part of the president and other college leadership of the importance of the hosiery industry and of a dedicated resource for that industry. Any replication of HTC's model would depend for its success on a strong understanding between and common commitment of the leadership involved.

XI. NCCATT Recommendations

NCCATT comprises a staff and facilities with a long history and identity of serving the textile industry. The purpose of this report is to suggest potential options for organizing, staffing, and funding a world-class NCCATT that will meet the current and future needs of an industry that has been, and remains, a major part of the state's economic base, and to suggest information necessary to evaluate the options. Ultimately, the alternatives faced by the North Carolina Community College System and the North Carolina General Assembly must balance any future missions and utility of the Center, the financial resources available to support it, and policymakers' willingness to align resources to fulfill the future recommended mission. This report focuses on options within the realm of the state's community college system, of which NCCATT is part. Options considered here are (1) to keep the Center as an independent institution, (2) dissolve it, (3) integrate the programs and services into a community college, or (4) create a semi-autonomous Center but within the governance structure of a community college. Options that transfer responsibility to other units of North Carolina government or devolve NCCATT into a private Center were not considered.

We believe that the final option, described below, will best serve the interests of the entire state's current and anticipated textile industry and its workforce and help the industry not only survive its global challenges but to grow.

Option 1: Remain an Independent Institution

The Center is currently in the process of expanding its efforts to assist textile companies with more technical assistance and testing services. The project team believes this is a positive step that recognizes the current and projected needs of today's textile firms. Training programs alone are no longer enough. In the eyes of many of the Center staff and Board members, this recent change in focus will be sufficient to turn things around at the Center, and they believe that it should continue to operate autonomously much as it has. They are concerned that becoming part of another institution—particularly a community college—would dilute the Center's focus on the needs of the textile industry, particularly since the industry's recent job losses have led many to dismiss it as an unimportant economic development target.

While the project team agrees that the Center's focus on the textile industry is important, the status quo appears untenable. The Center's lack of formal connection to the programs of the North Carolina Community College System, and specifically to its regulations and oversight requirements, has allowed the Center to lose direction and purpose. Despite receiving almost all of its financial support directly from the NC General Assembly, the Center has not received specific guidelines for its use nor been accountable for the impact of the uses to which it puts these funds. Under these conditions, the Center has drifted away from its mission and has been slow to react to assessing and serving industry needs. In addition it has not adequately fulfilled its statewide mission, instead targeting most of its efforts at a relatively small number of companies in close proximity to the Center's location. Finally, there have been concerns about the activities of the Center's president, who was teaching courses at nearby colleges during the

Center's operating hours—significant enough concerns that the System conducted an audit into these activities.

All in all, it appears that the Center's autonomy has led to a lack of direction and sufficient accountability. It is the belief of the project team that the status quo of maintaining an independent Textile Center within the NC Community College System cannot be recommended.

Option 2: Dissolving NCCATT

The present shortcomings of the Center should not distract policy makers from considering whether there is still a mission for an institution like NCCATT within the economic development and workforce development activities in North Carolina. Despite large losses of employment and firm capacity, there are still large numbers of textile companies in existence that will continue to have needs both for technical support and human resource development. And, as pointed out earlier, the textile industry remains the largest manufacturing sector in the state, employing 86,000 people.

While the media focuses upon the plant closings, primarily in the apparel sector, there are other traditional textile sectors—hosiery, for example—that continue to be globally competitive. In addition, there are potential new products and innovations in the areas of medical textiles and defense textiles that could have a significant future for the development of new, more knowledge-based industries, as described earlier in this report.

One might argue that the textile industry's needs should be met by the state's community colleges the way most other industries' needs are met - through technical education and customized training resources available in the System's 58 colleges. However, having a dedicated facility to serve such a dominant industry cluster in the state actually fits well within the System's expressed plans to develop cluster expertise for important industries at community college-based "cluster hubs" located across the state. The first step toward this approach came with the System's $8.7 million investment in biotechnology centers awarded earlier this year through funding from the GoldenLEAF Foundation. And, in part because of NCCATT's long-standing existence, no community colleges in the System run any programs specifically for the textile industry.

Importantly, North Carolina has the most significant research assets related to textiles in the nation, mostly located in the Triangle. The RTP area is home to the College of Textiles at NCSU, the Institute of Textile Technology, TC2, Cotton, Inc., and INDA. These assets, combined with the mature supply chain associated with the state's long tradition of textiles, position the state to be at the forefront of new emerging opportunities in textiles. Interviews for this study, however, indicate that there appears to be a significant gap between the state's textile research resources and the ability of these resources to concretely help North Carolina firms develop new products and target new markets. One reason not to dissolve the Textile Center is that, under new direction, it could play an important role as the connecting linchpin, a sort of "retail storefront" between the high level technology and product advancement taking place in RTP and textile firms' immediate needs for new and innovate products and processes that will be

globally competitive. Closer cooperation with NC textile research assets will help ensure that more of their benefit accrues to the state, rather than leaving it.

Clearly it is in the state's interest to (1) support at a modest level the remaining traditional textile firms who employ huge numbers of North Carolinians and for whom losing their jobs would likely result in taking a lower-paying service industry job or leaving the workforce completely, and (2) put into place resources that will put North Carolina in the vanguard of new economic development opportunities in areas such as medical textiles, defense textiles, and nonwovens, as well as nanotextiles, a cross-cutting application that could affect all of these sectors.

There are no dedicated textile programs at any other institutions within the North Carolina Community College System. Given the tens of millions of dollars the state is spending to develop a stronger presence in the promising but still small biotechnology cluster, a continued investment of less than $1.5 million for the textile industry seems warranted.

Option 3: Integrate the NCCATT's programs and services into an existing Community College

A third option is to place NCCATT under the control of an individual community college, thus keeping it within the community college system but limiting its autonomy to function as an independent Center. Gaston College is the college that is located closest to the Center and the heart of the industry and is the likeliest candidate to both continue to meet the textile industry's needs and perhaps to use its facilities for other college needs such as additional classroom space.

While this option would have the advantage of making the Center part of a community college and the System thereby increasing its accountability, there is a real possibility that the Center's textile focus would ultimately be eliminated or markedly downgraded as it competes with other college needs and missions. The "Center" would be forced to compete for resources and leadership attention along with other worthy activities of the college. The Center would likely report to the College's Dean of Continuing Education since most of its programs are not for credit, losing its status as an autonomous entity. It might be difficult to continue to maintain a textile focus and justify continued state support, even at a reduced level, for the Center. This option does not acknowledge the continued importance of textiles to the state and does not position the state to have a community college-based center of focus for the industry. Moreover, the Center also could lose the particular industry relationships it currently enjoys both with the Board of Trustees and NCCATT's Foundation Directors.

RECOMMENDED:

Option 4: Create a Semi-Autonomous, Industry-Driven Textile Technology Center at Gaston College

The fourth and recommended option is to officially dissolve NCCATT but create, through legislative action, in its place the Textile Technology Center (TTC), a semi-autonomous, industry-driven center modeled after and tightly linked to Catawba Valley Community College's Hosiery Technology Center and consistent with the long range of the state to develop "cluster hubs" at community colleges to develop specialized expertise that can meet the needs of North Carolina's industry concentrations, or "clusters." This option would require dissolving the existing NCCATT Board of Trustees, though some of its members would be asked to take part in a new TTC Advisory Board, to be described later. The State would transfer ownership of NCCATT's land and buildings to Gaston County, which owns all of Gaston College's facilities.

As part of this structure, the General Assembly would statutorily establish the funding stream, authorize the Advisory Board, and establish the guidelines that govern the TTC and its relationship with Gaston College. It is also recommended that the Assembly take this opportunity to also include in this legislation recurring funding for the Hosiery Technology Center and that the legislation stipulate a close working relationship between the two centers. They could both be considered auxiliary enterprises within the budgets of their respective colleges. As specially distinguished units, they would have control over their budgets and be accountable to the Community College System and the Assembly for allocations.

Gaston College would manage administrative and fiscal matters of the Center, while NCCATT's programs and staff would be largely directed by the new Advisory Board and tightly linked with the HTC. This is a budget neutral recommendation for the state. It is recommended that the state combine current funding for NCCATT and HTC and redistribute them as deemed appropriate to support the two centers' missions and activities.

An advantage of transferring the facilities to Gaston College is that doing so will save administrative and overhead costs by the college's assuming business operations functions such as payroll and accounting. It would also bring the Center under the same regulations as the other institutions within the System, ensuring a higher level of accountability. In addition, by becoming part of a college and associated with the HTC, it will develop closer links with other community colleges and other higher education and research entities.

Establish TTC Advisory Board

The Textile Technology Center Advisory Board should primarily comprise department heads and CEOs of textile firms that can advocate for specific technical assistance and training needs. It is recommended that the Advisory Board comprise nine members. Initially, two existing NCCATT Board of Trustees members should be asked to serve on the new TTC Board. In addition:

- At least three members should represent entities outside of the Charlotte/Gastonia MSA
- At least two members should represent companies that produce nonwoven textile products
- At least two members should represent textile companies with fewer than 100 employees
- At least one member should represent a textile research organization such as the NCSU College of Textiles or TC2.
- Two industry representatives should also serve on the HTC Advisory Board
- One member from the NC Community College System Office
- One member from the Gaston College Board of Trustees

As described later, Gaston College must understand the important role of this Advisory Board in guiding the activities and direction of the TTC.

TTC's Purpose

The new Center should be directed at textile companies, especially small and medium-sized firms, and will play a major role in:

a) assisting traditional textile companies, particularly yarn manufacturers, which are a critical part of the textile supply chain in NC

b) as markets shift and the economy changes, aiding the development of the newly emerging parts of the industry

c) lowering costs to firms by supplying technical services and training programs

d) providing the North Carolina Community College system with good curricula and programs which could be used by other colleges, and

e) serving as an intermediary between the colleges and the industry.

Establish Tight Links to HTC and Annual Reports

In order to profit from the successes of the HTC and promote cross-fertilization between the two centers, the legislation that governs the TTC should stipulate that the directors of the TTC and the HTC meet in person quarterly to share information, expertise and strategies. The TTC should also submit an annual report with impact measures similar to that currently produced by the HTC every year.

Prerequisites for the New Textile Technology Center

Because this recommendation involves creating a semi-autonomous industry-focused Center at Gaston College that is somewhat atypical for a community college, the project team believes

that Gaston College should adhere to the following guiding principles in order for this model to be successful.

Willingness to house a Center that is dedicated to serving statewide the current and emerging technology and workforce development needs of one of North Carolina's most important clusters. The mission of serving the textile industry must be preserved by the local and state community college leadership. As described earlier, textile companies are found across the entire state, and the College must recognize that with state support for this industry cluster comes a mandate to meet the entire state's textile needs.

Willingness to allow a semi-autonomous private sector-dominated Advisory Board to direct the operations of the Center. One of the fears of some Center stakeholders is that loss of independence and assignment to a community college would eliminate the direct industry support that has been so essential to the functioning of the Center. The Center cannot simply become another arm of a college folded into other college missions and priorities. While control over the buildings and ownership of the property, and responsibility for maintaining the facilities and overseeing staff can rest with the community college, there needs to be a stated agreement that the Advisory Board will largely direct the programs and activities of the Center, make recommendations about staff hires, and provide leadership for its strategic direction.

Willingness to recognize that this Center will not generate significant numbers of FTE and therefore will use assessment measures that focus on industry impact. Economic-development oriented industry centers must be measured and evaluated differently than other parts of community colleges. Examining the number of students in seats is not an appropriate or effective way of determining the impact of an institution that exists to make industry more competitive. We therefore recommend a using the tool already developed by the Manufacturing Extension Partnership and currently used by the HTC to measure the Center's impacts.

XII. Suggested First Steps and Functions for the Textile Technology Center

The following is a description of some of the first actions that the new Center should undertake to be successful and some of the functions it should carry out. This list is not comprehensive and is not intended to be a detailed operations plan, which is beyond the scope of this report.

Develop a New Mission and Business/Operating Plan

The Advisory Board and key staff of the Textile Technology Center, along with Gaston College's leadership, should convene a very broad-based industry "summit" to define the technical services and workforce needs of the textile industry. This convening must include a range of textile firms, including nonwoven goods, and significant representation from small and medium-sized and new companies. While not all the needs that are put on the table will be able to be met given the relatively modest resources available, priorities will be determined and a mission and initial set of targeted activities developed. Emphasis should be on activities that will increase the bottom-line competitiveness of existing textile firms and those that will increase the state's capacity to support emerging textile sectors.

Based on this input, a formal business/operating plan should be developed for the new Center, including anticipated revenues, budget, staff, and resource requirements to meet the needs of the plan. In addition, a fee structure should be developed and agreed to by the industry. Ideally, the financial structure needs to not only recover some costs but add some revenues to grow programs, equipment and staff in the future.

As part of its business/operating plan there should be an annual report to the President of the NC Community College System Office and the State Board of Community Colleges, as mentioned earlier. In addition, each year a state system evaluation team should visit the new Center to review operations and ensure that the original goals of the plan are being fulfilled.

Become a True Statewide Resource

The new Center should establish strong and frequent partnerships and outreach strategies that will reach far beyond the Charlotte/Gastonia region. This should involve a combination of direct delivery of services by Center personnel as well as curricula and expertise sharing with other community colleges. Customized classes or some on-site classes maybe be delivered through another community college facility, but Center staff could be used.

Provide Industry-Driven Services and Technical Education and Training

The new Center should teach textile-related courses and provide various forms of technical assistance and services. There should be continuation and improvement of some of the technical assistance and testing services NCCATT has recently started.

While the new Board and industry should make final determinations on the appropriate mix of services and training, the following appear to be good candidates.

Services: Quality testing, rapid prototyping and product development, reverse engineering, marketing/procurement assistance, lean manufacturing (through IES), industry trends research, exporting assistance, central information hub to coordinate partnering opportunities among companies, and industry meeting coordination

Training: textile machinery and processes, ESL from textile perspective, textile industrial maintenance courses, and explore the need for an advanced textile technician degree program that could fulfill needs in both traditional and emerging textile companies such as nonwoven goods.

Be A Champion for Innovation and New Markets

Perhaps the most important function the Textile Technology Center can perform is to serve as a center for the emerging needs of the textile industry. As described above, this likely means more efforts at technology transfer—including applied research and product development—and diffusion. This also could mean serving as a place for industry meetings and conferences (as NCCATT currently does), or showcasing new equipment and procedures. Even the furnishings could be distinct from the rest of the campus so that industry continues to see the facility as its own. Consideration should be given to maintaining the present NCCATT Foundation, which could only support the activities of the Center.

A key factor in the success of the Hosiery Technology Center to date has been its dedication to proactively working with companies to inform them and even convince them of market changes and new opportunities. The leadership and staff of the TTC cannot wait for the phone to ring to carry out their work. The same vocal and persistent leadership exhibited by the Hosiery Center should be transferred to the TTC for it to have real impact, be embraced by industry as a valuable resource, and be worthy of state support.

Create Career Pathways

The new Center should chart out for some of the larger components of the textile industry the potential career pathways that individuals take to advance within the industry. This would include a discussion of potential skills necessary to advance along these pathways. The Center could become a resource to both community colleges and high schools on how to develop the expertise to implement part of these pathways for the textile employers. This would include some forms of competency-based assessments for students who would take textile cluster programs. This activity should be carried out in partnership with the technical education

departments on campus at Gaston College. The pathways ought to include helping people identify and embark on entrepreneurial opportunities that require special industry knowledge, which could be a niche producer or a small business operating somewhere along the cluster's value chain.

Develop Strong Partnerships

The new Center should be well connected to the state's many textile and manufacturing oriented organizations and industry associations. The goal should be to complement and enhance the research and training base already in place and to link tightly with industry groups, both to profit from their expertise and to market the TTC's capabilities. The new Center should have a clear, specified role that does not overlap with other service providers and industry groups.

- NC State University's College of Textiles, Nonwoven Cooperative Research Center, and the Industrial Extension Service (the state's Manufacturing Extension Partnership entity).
- INDA, Cotton, Inc., TC2 and other industry research groups
- Textile industry associations
- NSF's Advanced Technological Education Program: Only community colleges may apply for these grant funds that support technical education. There is the possibility the program would support a national textile center through this program.
- Homeland Security and Defense Department: Given the market of defense clothing and the applications of clothing to homeland security measures, there may be funding within each of these federal agencies. Civilian dual use programs exist with the DAPRA unit of the Department of Defense. Part of the strategy of the new Center will be to develop ties within these departments and to seek out additional programmatic funding.

XI. Conclusion

Many issues need to be resolved for a successful future of a new Textile Technology Center. Because the industry is in such transition and job losses have been great, it is tempting to move state policy and resources away from the Center. However, this view underemphasizes the remaining significance of the textile industry to North Carolina and its future possibilities to offer fewer but higher-paying jobs for North Carolinians. It is not wise state policy to walk away from this dominant and mature cluster that still can be an engine of growth.

A reinvigorated Textile Center can help traditional textile companies become more competitive, spur innovation in the industry, and help attract new nonwoven, medical and defense textile companies to the state. Indeed, by supporting the recommendations in this report, the state of North Carolina is recreating the Center to serve the original mission its founders intended over fifty years ago: to invest in an industry vital to North Carolina and its workers.

Appendix A: Interviews

During its research, RTS and its consultants conducted interviews with individuals from the following institutions. In several cases, more than one person from an organization or company was interviewed. Names have not been disclosed in the interest of confidentiality.

Educational Institutions

- North Carolina Center for Applied Textile Technology
- Catawba Valley Community College
- Gaston Community College
- Hosiery Technology Center
- NCSU - College of Textiles
- NCSU - Industrial Extension Service
- NCSU - Nonwovens Cooperative Research Center

Government

- Carolinas Partnership
- Gaston County Government
- Gaston County Schools
- NC Department of Commerce
- U.S. Department of Commerce

Industry/Industry Experts

- American & Efird Inc
- Beam Construction
- Carolina Hosiery Association
- Carolina Mills
- INDA
- The Massey Company
- Muratec
- National Textiles
- Parkdale Mills

- Pharr Yarns
- RL Stowe Mills
- Southern Textile Association
- TC^2
- Wellman

Appendix B: NCCATT Equipment

Most equipment at the NCCATT is on loan from the state, NCCATT's foundation, or local businesses. It is estimated that this machinery is worth over $5 million. NCCATT owns several pieces of equipment, however, most of it is obsolete according to staff. Information on the value and age of loaned equipment is not available.

State Owned

Equipment	Depreciated Value	Age
Roving Frame	$11,600	1969 – obsolete
Dye Machine	13,358	1998
Infrared Dying Machine	13,999	1998
Spectrophotometer	10,000	1999
Universal Testing Machine	10,890	1998

Foundation Owned

Equipment	Depreciated Value	Age
CSM Spinning Frame	$86,645	Unknown
Sohler Overhead Cleaner	8,255	Unknown

On Loan from Industry

Testing Equipment

Boiling Water Shrinkage Bath and Laser Board
Hunter Lab Colorimeter
EIB Hairness/Fabric Simulation
Instron-Fabric Ring Pull/Staple Pad Friction
Fafegraph (High Stretch Tensiles, Single Fil)
Favimat (Single Fil Tensiles)
Lawson Hoseleg Knitter
Kiesokki Filament and Silver Evenness
Laundrometer (Glycerine Heating Fluid)
Rotoring Cohesion
Shrinkage Forces/Free Shrinkage Tester
Staff Tester Knit and Weaving Quality
Statimat Yarn Tensiles
Uster Yarn Evenness
Zweigle Twist Tester

Classifault
Pilling (Image Analysis Development Project)
Static Dissipation
Shirley Silver Analyzer
Rothchild Cohesion Tester
Mullenburst Tester
Elmendorf Tear Tester
Moisture Evaporation Balance
Fabric Tilt Table
Tapeboard Winder
Card Winder
Microscope with Camera and Capture Card
Sewing Machines
Fiber Flex Tester
Extractor and Dryer
LASE Tester
Light Box Table
Fabric Sample Press (Cutter)
Uster Fabriscan
Vibromat by Textechno
Instron Model 4502
Fabric Streak Analyser by Atlas

Yarn Reels and Balance
ILE DC-65 Evenness Tester
UT4-CY Evenness Tester for Filament Yarn
UT4-SY Evenness Tester for Filament Yarn
Uster Hariness Tester
Uster Classimat Quantum
Uster-Tensorapid 4
Uster-Tensojet 4
Washer and Dryer
FAK Knitter
Randum Tumble Pill Tester
Scott Skein Break Tester

Process Equipment

Air Lay Machine
Card-Trutzschler 760
Card-Trutzschler 903
Blending & Openning System for Carding

Reiter RSB Draw Frame
Rotoring Quick Spin
One Shot Melt Spinner
Single Position Filament Melt Spinner
Murata Air Jet - Staple Spinning
Murata Vortex - Staple Spinning
Reiter R-1 Open End Staple Spinning
Schlafhorst SE-9 Open End Staple Spinning
Schlafhorst SE-11 Open End Staple Spinning
Murata Cone Winder with Quantum Clearers
Ring Spinning Frame (196 Spindles)
Rovematic
Scharer Schweiter Doubler
Monarch Model DXC Knitting Machine (22 inch)
Ahiba Polymat
4 Position Screen Print Machine
Screen Print Belt Dryer
Screen Print Flash Units
Macbeth Light Box

VISITOR REGISTRATION SHEET

Jt. Subc. on Education/Higher Education — March 24, 2005/
Name of Committee — 8:30 a.m. **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth Greenstein	OSBM
Cliff Mitchell	Comm Colleges
Jean Hayes	SBE/DPI
Mark Fleming	University
Robert Fleming	"
[illegible]	[illegible]
Molly Ryan	NCSBA
Katherine Joyce	NCASA
Ann McArthur	Governor's Office
[illegible]	NCICU
[illegible]	PSF

VISITOR REGISTRATION SHEET

Jt. Subc. on Education/Higher Education — March 24, 2005/
Name of Committee — 8:30 a.m. **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Claudia Odom	UNC
[illegible]	UNC
[illegible] D. Smith	U.N.C.
Rob Nelson	UNC
Mark Lanier	UNCW
[illegible]	UNC
Amanda Devore	UNC
ANNETTE DISHNER	NCCCS
Alice W. Smith	NCCCS
Carl Davis	UNC-TC
[illegible]	NCCCS

VISITOR REGISTRATION SHEET

Jt. Subc. on Education/Higher Education — March 24, 2005/
Name of Committee — 8:30 a.m. **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Hal Miller	MCAGCT

Joint Appropriations Subcommittee on Education

Agenda

Tuesday, March 29, 2005, 8:30 A.M.

Room 421, Legislative Office Building

Representative Yongue, Presiding

I. Welcome

II. Community College Faculty Salaries

Kristine Leggett, Fiscal Research Division

III. Community College Tuition

Kristine Leggett, Fiscal Research Division

IV. Community College Receipts

Kennon Briggs, Vice President for Business and Finance, NCCCS

V. Community College Financial Aid

VI. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

March 29, 2005
8:30 A.M.

The House Appropriations Subcommittee on Education met jointly today with Senate Appropriations Subcommittee on Education/Higher Education. House members in attendance were Co-Chairs: Jeffus, Tolson, and Yongue as well as Representatives: Bell, Cleveland, Fisher, Hilton, Justice, Parmon, Pate, and Rapp. Six Senators were present. The Visitor Registration is attached and made part of these minutes (Attachment 1).

Chairman Yongue called the meeting to order at 8:30 a.m. in Room 421 of the Legislative Office Building. There were three House pages and three Senate pages present. Chairman Yongue also recognized the Sergeant-at-Arms staff.

Kristine Leggett of the Fiscal Research Division presented the remainder of the Community College budget including faculty salaries, tuition, and financial aid. Please refer to the handout entitled "North Carolina Community College System: Faculty Salaries, Tuition, and Financial Aid" (Attachment 2). Ms. Leggett reminded members of the committee that the full Appropriation Chairs would review and make recommendations regarding faculty salaries. This presentation was for informational purposes, considering the interest of the committee members. Ms. Leggett explained that white females with 0-6 years experience and a Masters degree make up a majority of the faculty demographic. Ms. Leggett also explained to members of the committee that it is the intent of the General Assembly to achieve the national average. However, according to raw data from the 2003-2004 period, North Carolina's community college faculty salaries ranked at the bottom as compared to all sixteen Southern Regional Education Board (SREB) member states. Ms. Leggett asserted that these salaries were either at the bottom or close when comparing these raw numbers nationally. Ms. Leggett also pointed out that the faculty salary data used is based on an average 9-month school year, not including additional pay for teaching summer courses. In conclusion, Ms. Leggett reviewed the General Assembly's progress on meeting the national average in recent years. For example, Co-Chair, Representative Joe Tolson convened a group in the interim of 2004, which consisted of community college presidents, legislators, and others. The result was the implementation of a minimum salary scale based on years of experience or educational level and an incentive scale that provided additional flexibility to community colleges with higher average salaries.

Questions were raised and addressed.

Ms. Leggett continued with the issue of community college tuition rates of in-state, out-of-state, summer, and occupational continuing education students. Ms. Leggett also

presented the current types of financial aid available to students. The Escheat Fund, found in Article IX, Section 10(2) of the North Carolina Constitution, is worth about $548 million total. The treasurer escheats about $80 million annually, with $32 - $35 million refunded each year, and about $28 million in earned interest. This earned interest is used for financial aid on the community college level. The Escheat Fund was designed to aid worthy and needy students who are residents of North Carolina and enrolled in a North Carolina University. Pell grants and tax credits such as the Hope Scholarship Credit and Lifelong Learning Credit were also reviewed. Ms. Leggett prepared a table (Attachment 2) to show members of the committee the impact of a tuition increase as a revenue stream and how the increase at different levels would affect our national ranking of third lowest community college average tuition. With an increase of 1 to 15 percent, North Carolina would maintain this ranking of third lowest on the nation. However, an increase of 20 to 30 percent would affect the ranking.

Questions were raised and addressed.

Mr. Kennon Briggs, North Carolina Community College System, discussed the issue of tuition and fee receipt collections, and the real impact of a tuition increase. Please see the handout entitled "What has Happened to Tuition and Fee Receipt Collections?" (Attachment 3) for this presentation in its entirety. This is an issue that the State Board of Education has observed closely with direction from the General Assembly, Mr. Briggs noted. Co-Chair, Representative Tolson recommended studying the issue of waivers and the impact on the Community Colleges when enrollment stabilizes and waivers cost the Community College System. In 2003-2004, waivers cost the Community College system $5 million, this loss in tuition was corrected by a request from the Community College System to each community college to hold back one percent of spending.

Questions were raised and addressed.

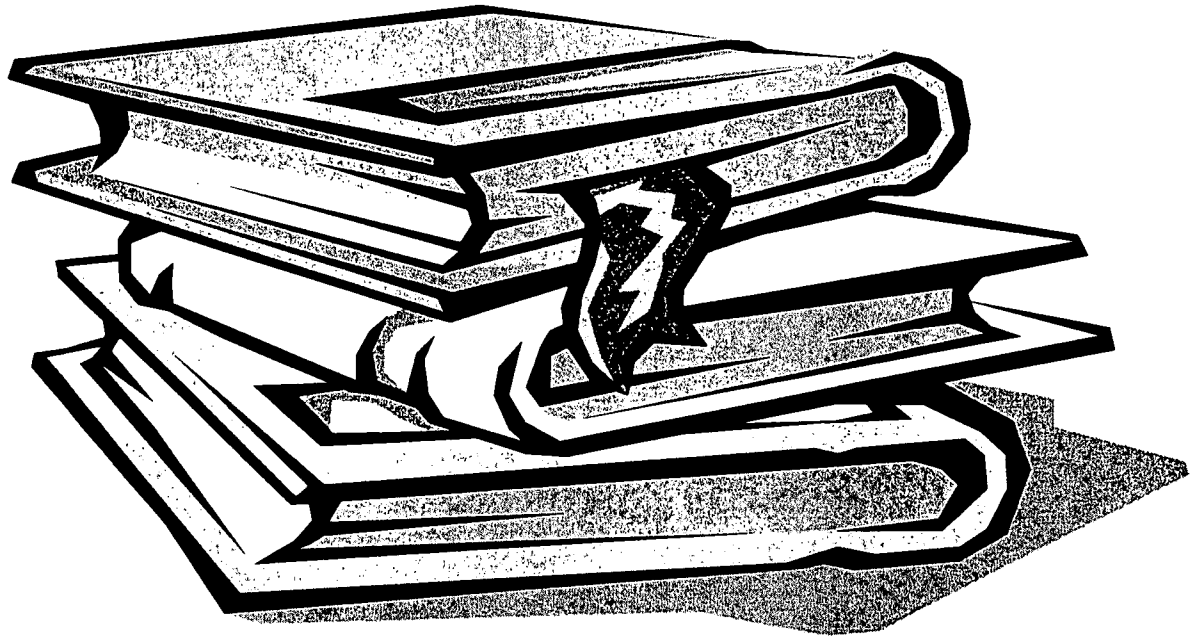
Ms. Kristine Leggett then presented members with a list of enrollment and funding of each community college, upon request from a previous meeting. Please refer to Attachment 4, entitled "North Carolina Community College System, Budget Allocations for 2-1 Summary: FY 2004-2005". Also included are Multi Campus Funding and Off Campus Center Funding.

With no further business, fellow Co-Chair, Representative Joe Tolson adjourned the committee meeting at 9:35 am, to reconvene at 2:00 pm.

Douglas Y. Yongue

Katie Stanley

North Carolina Community College System
Faculty Salaries, Tuition, & Financial Aid



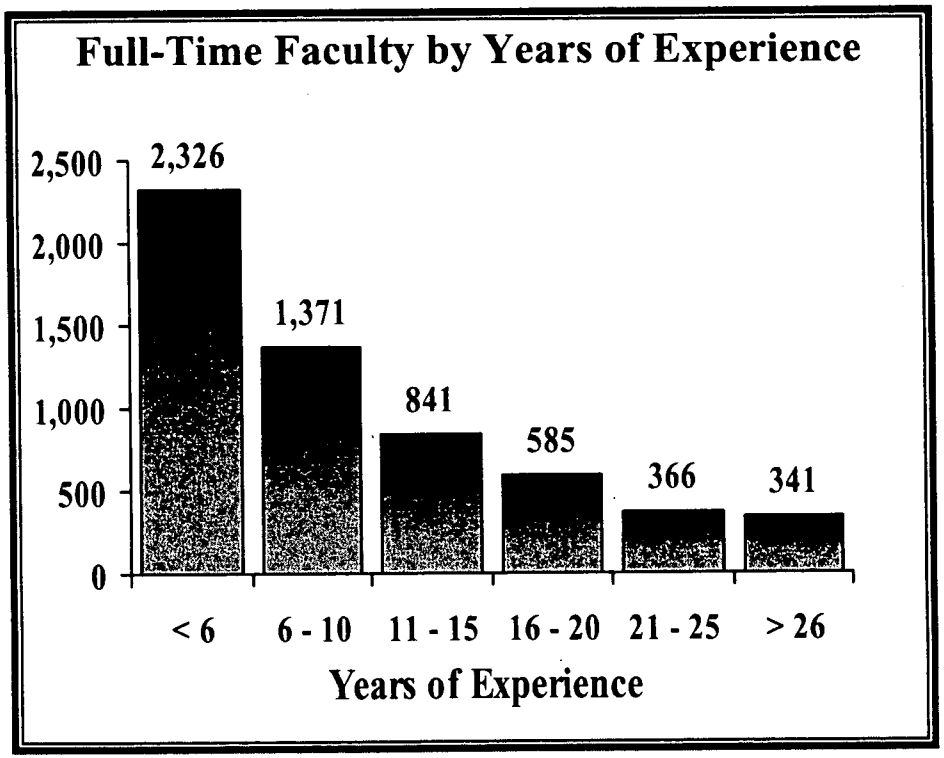
Kristine Leggett
Fiscal Research Division
NC General Assembly
March 22, 2005

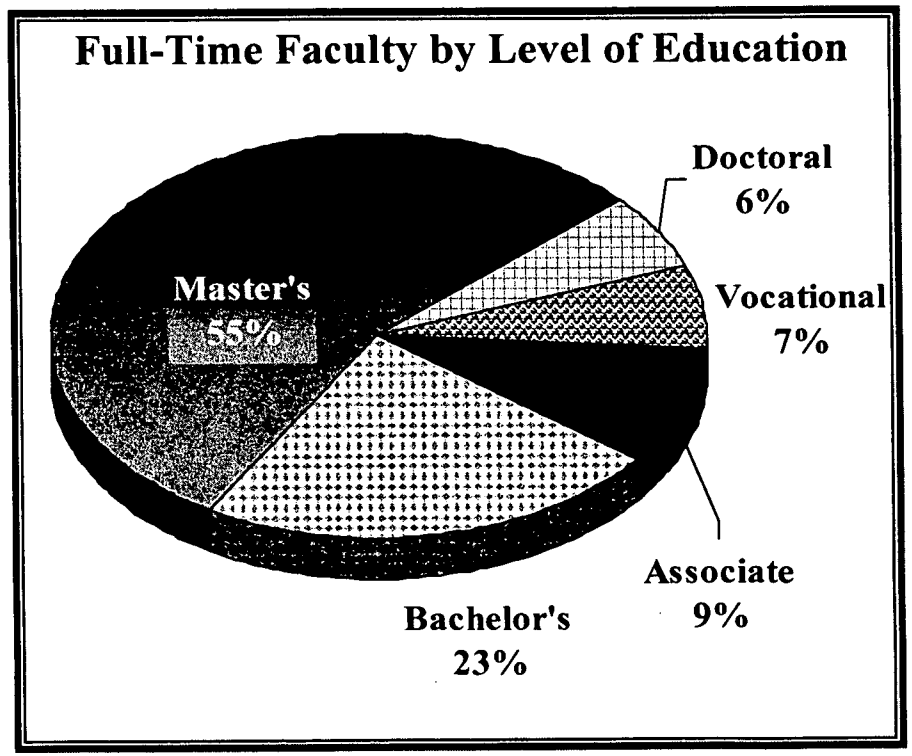
Community College Faculty
2004-05

5,830 Full-Time Faculty
14,911 Part-Time Faculty

Gender (Full-Time):
56% Female **44%** Male

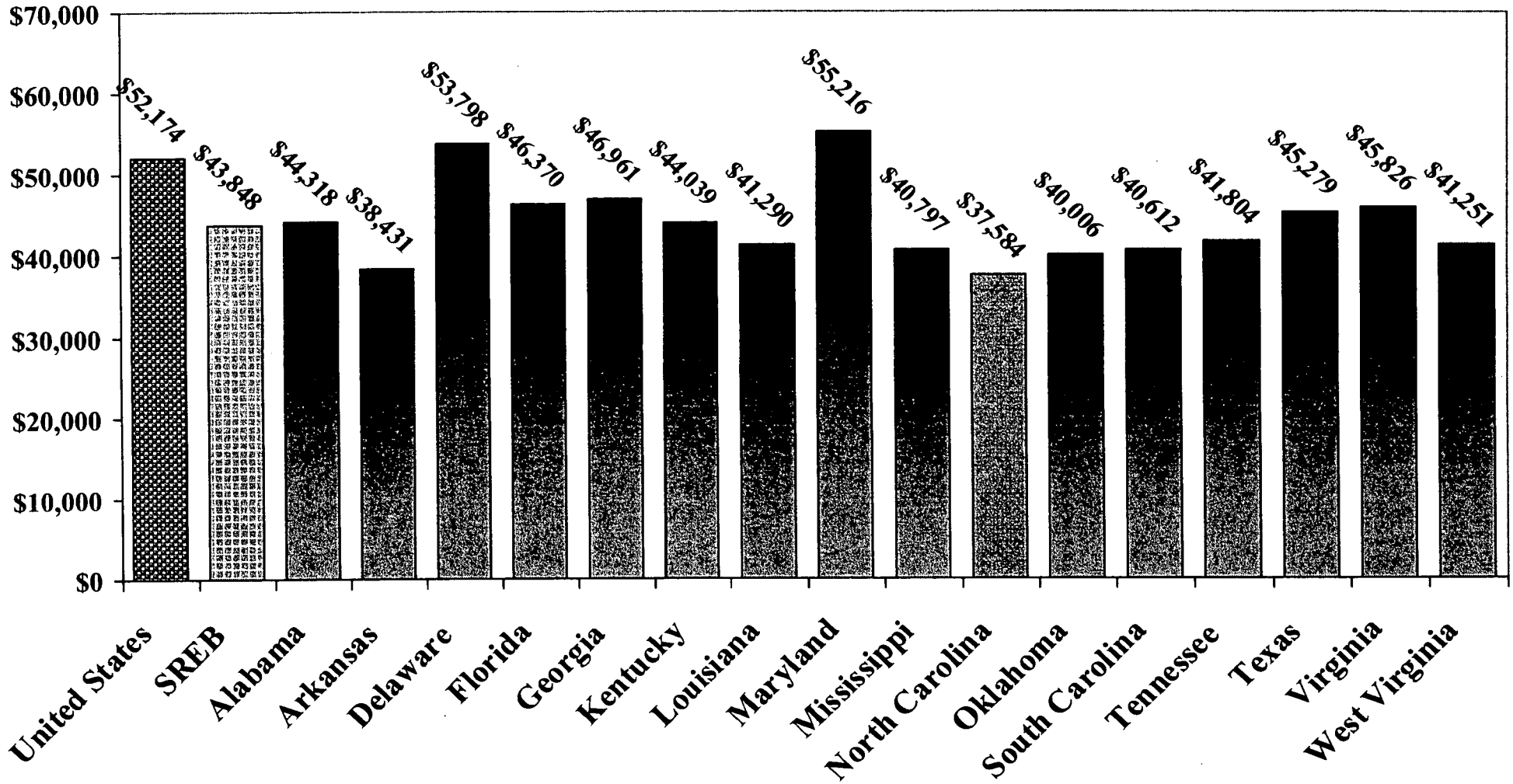
Race (Full-Time):
86.4% White **10.4%** Black **3.2%** Other



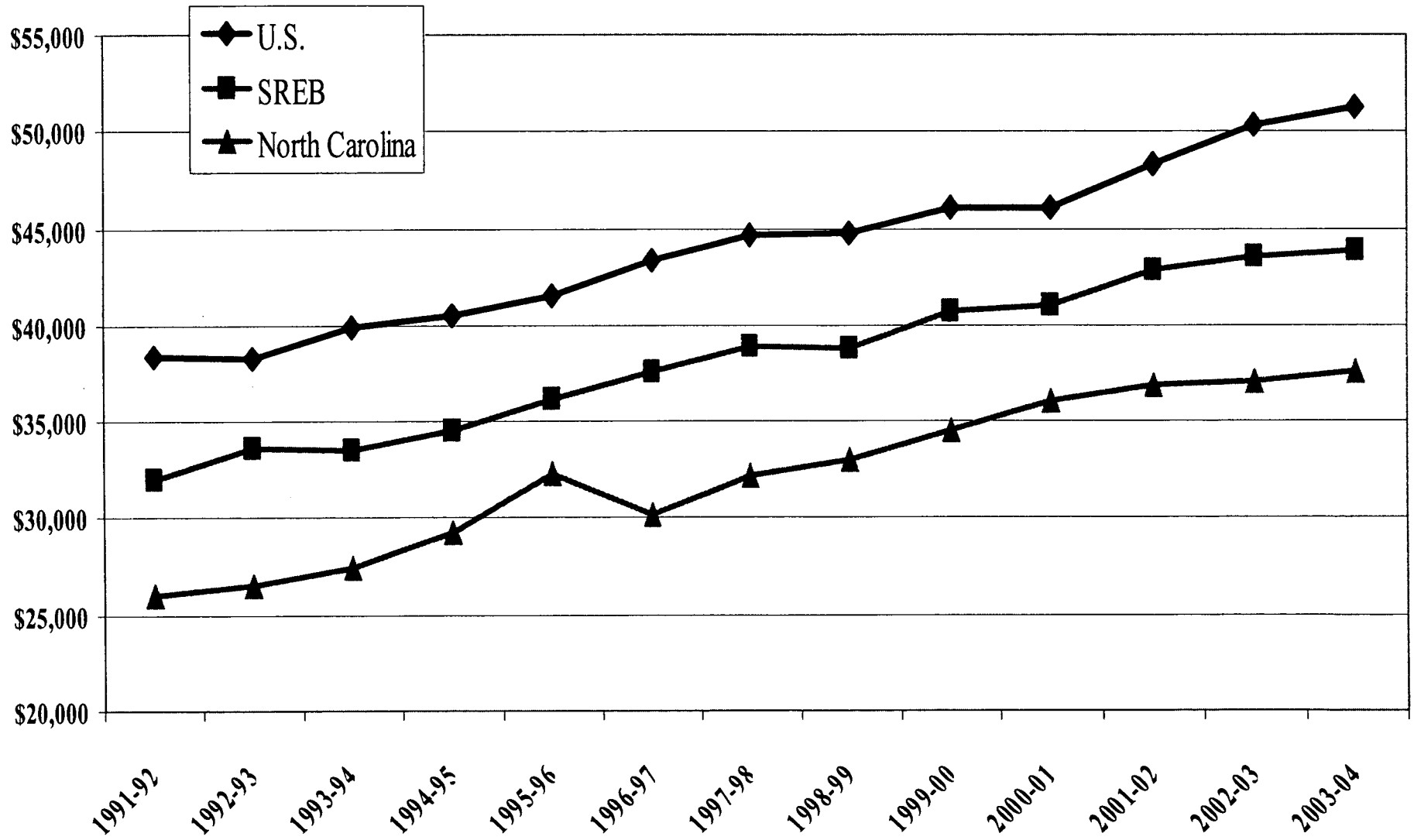


Source: NCCCS Data Warehouse

National and SREB Comparisons
FY 03-04



National, SREB, and NC
Averge Full Time Faculty Salaries Since 1991



FY 04-05 Faculty Salary Plan

The General Assembly did three things to increase faculty salaries in FY 04-05:

1. Provided funding to increase salaries systemwide by an average of 4.5%.
2. Created a Minimum Salary Scale and provided additional funding to bring faculty below the minimums up to the minimum.
3. Created an Incentive Scale to provide additional flexibility to colleges with higher average salaries

The Minimum Salary
Frequently Asked Questions

1. **Why have a minimum salary?**

   To ensure that all faculty in the System have a uniform minimum salary based on their level of education and/or equivalent applicable experience.

2. **How is the minimum salary determined?**

   - Based on level of education and/or equivalent applicable experience
   - Initial minimums were based on the 10th percentile salaries by education level.
   - As Legislative Increases are provided, the minimum salary will be increased.

Selected Percentile and Average 9 Month Salary for Full-time Curriculum Faculty, NCCCS, 2003-04

Highest Education Level	10th Percentile	Average
Vocational Diploma/Certificate or Less	$26,973	$33,846
# Faculty	*30*	*305*
Associate Degree or Equivalent	$27,396	$34,451
# Faculty	*50*	*604*
Bachelor Degree	$29,232	$36,922
# Faculty	*104*	*1,041*
Master Degree/Education Specialist	$30,861	$39,173
# Faculty	*291*	*2,911*
Doctorate Degree	$33,210	$41,710
# Faculty	*34*	*341*

PARE, NCCCS, 03/24/04

FY 04-05 Minimum Salaries

Education Level	Minimum Salary
Vocational Diploma/ Certificate or Less	$28,512
Associate's Degree or Equivalent	$28,944
Bachelor's Degree	$30,817
Master's Degree or Education Specialist	$32,478
Doctoral Degree	$34,874

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
THE COST OF BRINGING FACULTY TO THE MINIMUM SALARY ESTABLISHED IN HB 1414
FY: 2004-05

COMMUNITY COLLEGES	TOTAL ALLOTMENT
Alamance CC	$ 26,244
Asheville-Buncombe TCC	1,404
Beaufort County CC	25,731
Bladen CC	32,886
Blue Ridge CC	12,834
Brunswick CC	2,106
Caldwell CC & TI	38,277
Cape Fear CC	6,678
Carteret CC	11,088
Catawba Valley CC	24,795
Central Carolina CC	34,416
Central Piedmont CC	4,419
Cleveland CC	5,976
Coastal Carolina CC	46,755
College of The Albemarle	33,165
Craven CC	5,373
Davidson County CC	4,806
Durham TCC	5,040
Edgecombe CC	1,251
Fayetteville TCC	16,848
Forsyth TCC	7,191
Gaston College	-
Guilford TCC	79,686
Halifax CC	-
Haywood CC	-
Isothermal CC	9,594
James Sprunt CC	86,706
Johnston CC	61,092
Lenoir CC	8,343
Martin CC	10,107
Mayland CC	9,000
McDowell TCC	73,710
Mitchell CC	1,917
Montgomery CC	-
Nash CC	39,438
Pamlico CC	9,369
Piedmont CC	2,169
Pitt CC	37,917
Randolph CC	21,708
Richmond CC	1,116
Roanoke-Chowan CC	14,580
Robeson CC	8,685
Rockingham CC	2,493
Rowan-Cabarrus CC	-
Sampson CC	-
Sandhills CC	26,748
South Piedmont CC	4,878
Southeastern CC	27,000
Southwestern CC	-
Stanly CC	8,397
Surry CC	24,057
Tri-County CC	25,569
Vance-Granville CC	3,879
Wake TCC	204,741
Wayne CC	14,553
Western Piedmont CC	8,937
Wilkes CC	5,364
Wilson TCC	12,132
TOTAL	$ 1,191,168

The Incentive Scale
Frequently Asked Questions

1. **Why have an incentive scale?**

   To encourage colleges to make faculty salaries a number one priority and to reward colleges who have taken steps to achieve the national average.

2. **If colleges already have the ability to increase salaries on their own, why haven't they done so?**

   - Some have
   - Local job markets
   - Program mix
   - Unsure about sustainability of enrollment growth
   - Lack of clarification on authority to increase salaries without express GA approval

The Incentive Scale

Prior to FY 04-05, the law restricted college's ability to transfer funds from instructional salaries to other areas (i.e. student support services, administration, supplies). The incentive plan changes the transfer restriction as colleges increase their average salary.

Incentive Scale

Benchmark	Transfer Restriction	FY03-04 Salary
100%	8.0%	$48,304
95%	6.0%	$45,889
90%	5.0%	$43,474
85%	3.0%	$41,058
80%	2.0%	$38,643

For example, if a college's average salary is $42,000, they are at or above 85% of the national average. Based on this scale, they would be able to transfer up to 3% of their instructional salary funds to other areas without State Board approval.

Budget Flexibility Transfer Percentages for FY 2004-05 Established by HB 1414

COLLEGES	Average Salary Per 2003-04 Staff Report	National Average Salary per IPEDS	Average Salary as a % of National Average	Budget Flexibility Transfer Percentage
ALAMANCE CC	$ 36,487	$ 48,304	76%	2%
ASHEVILLE-BUNCOMBE T	$ 37,154	$ 48,304	77%	2%
BEAUFORT COUNTY CC	$ 34,097	$ 48,304	71%	2%
BLADEN CC	$ 33,699	$ 48,304	70%	2%
BLUE RIDGE CC	$ 35,485	$ 48,304	73%	2%
BRUNSWICK CC	$ 36,508	$ 48,304	76%	2%
CALDWELL CC & TI	$ 35,471	$ 48,304	73%	2%
CAPE FEAR CC	$ 37,181	$ 48,304	77%	2%
CARTERET CC	$ 35,591	$ 48,304	74%	2%
CATAWBA VALLEY CC	$ 36,395	$ 48,304	75%	2%
CENTRAL CAROLINA CC	$ 36,904	$ 48,304	76%	2%
CENTRAL PIEDMONT CC	$ 42,284	$ 48,304	88%	3%
CLEVELAND CC	$ 37,415	$ 48,304	77%	2%
COASTAL CAROLINA CC	$ 37,342	$ 48,304	77%	2%
COLLEGE OF THE ALBEMARLE	$ 33,594	$ 48,304	70%	2%
CRAVEN CC	$ 36,335	$ 48,304	75%	2%
DAVIDSON COUNTY CC	$ 38,903	$ 48,304	81%	2%
DURHAM TCC	$ 39,908	$ 48,304	83%	2%
EDGECOMBE CC	$ 35,822	$ 48,304	74%	2%
FAYETTEVILLE TCC	$ 38,608	$ 48,304	80%	2%
FORSYTH TCC	$ 37,041	$ 48,304	77%	2%
GASTON COLLEGE	$ 42,134	$ 48,304	87%	3%
GUILFORD TCC	$ 37,820	$ 48,304	78%	2%
HALIFAX CC	$ 36,887	$ 48,304	76%	2%
HAYWOOD CC	$ 37,640	$ 48,304	78%	2%
ISOTHERMAL CC	$ 37,162	$ 48,304	77%	2%
JAMES SPRUNT CC	$ 33,500	$ 48,304	69%	2%
JOHNSTON CC	$ 36,376	$ 48,304	75%	2%
LENOIR CC	$ 36,013	$ 48,304	75%	2%
MARTIN CC	$ 34,854	$ 48,304	72%	2%
MAYLAND CC	$ 33,771	$ 48,304	70%	2%
MCDOWELL TCC	$ 31,110	$ 48,304	64%	2%
MITCHELL CC	$ 41,479	$ 48,304	86%	3%
MONTGOMERY CC	$ 35,214	$ 48,304	73%	2%
NASH CC	$ 37,386	$ 48,304	77%	2%
PAMLICO CC	$ 37,439	$ 48,304	78%	2%
PIEDMONT CC	$ 36,281	$ 48,304	75%	2%
PITT CC	$ 38,863	$ 48,304	80%	2%
RANDOLPH CC	$ 35,768	$ 48,304	74%	2%
RICHMOND CC	$ 43,128	$ 48,304	89%	3%
ROANOKE-CHOWAN CC	$ 33,755	$ 48,304	70%	2%
ROBESON CC	$ 39,257	$ 48,304	81%	2%
ROCKINGHAM CC	$ 37,829	$ 48,304	78%	2%
ROWAN-CABARRUS CC	$ 45,157	$ 48,304	93%	5%
SAMPSON CC	$ 39,871	$ 48,304	83%	2%
SANDHILLS CC	$ 39,168	$ 48,304	81%	2%
SOUTH PIEDMONT	$ 37,993	$ 48,304	79%	2%
SOUTHEASTERN CC	$ 36,335	$ 48,304	75%	2%
SOUTHWESTERN CC	$ 39,375	$ 48,304	82%	2%
STANLY CC	$ 34,591	$ 48,304	72%	2%
SURRY CC	$ 37,702	$ 48,304	78%	2%
TRI-COUNTY CC	$ 33,621	$ 48,304	70%	2%
VANCE-GRANVILLE CC	$ 37,639	$ 48,304	78%	2%
WAKE TCC	$ 35,231	$ 48,304	73%	2%
WAYNE CC	$ 39,264	$ 48,304	81%	2%
WESTERN PIEDMONT CC	$ 36,172	$ 48,304	75%	2%
WILKES CC	$ 37,481	$ 48,304	78%	2%
WILSON TCC	$ 35,749	$ 48,304	74%	2%
Budget Flexibility Tolerances:				
< 85% = 2%				
85% - 89% = 3%				
90% - 94% = 5%				
95% - 99% = 6%				
100% or > = 8%				

1:28 PM7/27/2004

North Carolina Community College System
Average Curriculum Faculty Salaries
FY 2004-05

	College	Number	Average Salary	% Change since FY 03-04		College	Number	Average Salary	% Change since FY 03-04
1	Alamance CC	93	$40,139	10.01%	30	Martin CC	26	$37,005	6.17%
2	Asheville-Buncombe TC(	139	$40,384	8.69%	31	Mayland CC	42	$36,281	7.43%
3	Beaufort County CC	63	$36,199	6.17%	**32**	**McDowell TCC**	**42**	**$35,359**	**13.66%**
4	Bladen CC	31	$37,914	12.51%	33	Mitchell CC	65	$44,869	8.17%
5	Blue Ridge CC	58	$36,382	2.53%	34	Montgomery CC	29	$36,977	5.01%
6	Brunswick CC	31	$37,795	3.53%	35	Nash CC	72	$40,628	8.67%
7	Caldwell CC & TI	113	$37,236	4.98%	36	Pamlico CC	18	$37,106	2.94%
8	Cape Fear CC	183	$39,940	7.42%	37	Piedmont CC	72	$39,098	7.76%
9	Carteret CC	55	$37,703	5.93%	38	Pitt CC	142	$41,680	7.25%
10	Catawba Valley CC	119	$39,041	7.27%	39	Randolph CC	54	$38,647	8.05%
11	Central Carolina CC	131	$39,333	6.58%	40	Richmond CC	52	$47,133	9.29%
12	Central Piedmont CC	262	$45,718	8.12%	41	Roanoke-Chowan CC	36	$35,761	5.94%
13	Cleveland CC	68	$40,000	6.91%	42	Robeson CC	55	$40,507	3.18%
14	Coastal Carolina CC	117	$38,705	3.65%	43	Rockingham CC	68	$39,597	4.67%
15	College of The Albemarle	74	$35,431	5.47%	44	Rowan-Cabarrus CC	121	$46,714	3.45%
16	Craven CC	70	$38,809	6.81%	45	Sampson CC	48	$41,138	3.18%
17	Davidson County CC	84	$40,131	3.16%	46	Sandhills CC	115	$41,036	4.77%
18	Durham TCC	132	$42,493	6.48%	47	South Piedmont CC	66	$38,906	2.40%
19	Edgecombe CC	76	$37,534	4.78%	48	Southeastern CC	54	$38,898	7.05%
20	Fayetteville TCC	244	$40,611	5.19%	49	Southwestern CC	61	$41,430	5.22%
21	Forsyth TCC	173	$39,010	5.32%	50	Stanly CC	70	$38,117	10.19%
22	Gaston College	123	$43,833	4.03%	51	Surry CC	91	$42,957	13.94%
23	Guilford TCC	234	$42,543	12.49%	52	Tri-County CC	36	$38,887	15.66%
24	Halifax CC	65	$37,399	1.39%	53	Vance-Granville CC	119	$40,200	6.81%
25	Haywood CC	67	$40,133	6.62%	54	Wake TCC	319	$37,498	6.43%
26	Isothermal CC	63	$39,649	6.69%	55	Wayne CC	92	$40,451	3.02%
27	James Sprunt CC	49	$37,343	11.47%	56	Western Piedmont CC	75	$38,649	6.85%
28	Johnston CC	108	$38,568	6.03%	57	Wilkes CC	73	$39,621	5.71%
29	Lenoir CC	83	$38,363	6.52%	58	Wilson TCC	54	$41,815	16.97%
						System Total/Average	**5,275**	**$40,140**	**6.80%**

5-Year Plan to Raise NC Average Salaries to the National Average

	1 Number of Faculty/Staff	2 NCCCS Average	3 National/CUPA Average	4 2006	2007	2008	2009
Faculty	5,829	$40,140	$52,174	$17,536,547	$35,073,093	$52,609,640	$70,146,186
Professional Staff	2,687	$49,190	$65,825	$11,174,561	$22,349,123	$33,523,684	$44,698,245

1) Number of Faculty positions from the NCCCS Staff Information Report 2004-2005
Professional Staff positions from the NCCCS Staff Information Report 2004-2005

2) NCCCS 9-month average salaries from the NCCCS Staff Information Report 2004-2005

3) Full-time faculty national average as published by IPEDS for 2003-2004
Professional staff average salary as published in CUPA HR Salary Data for 2004-2005

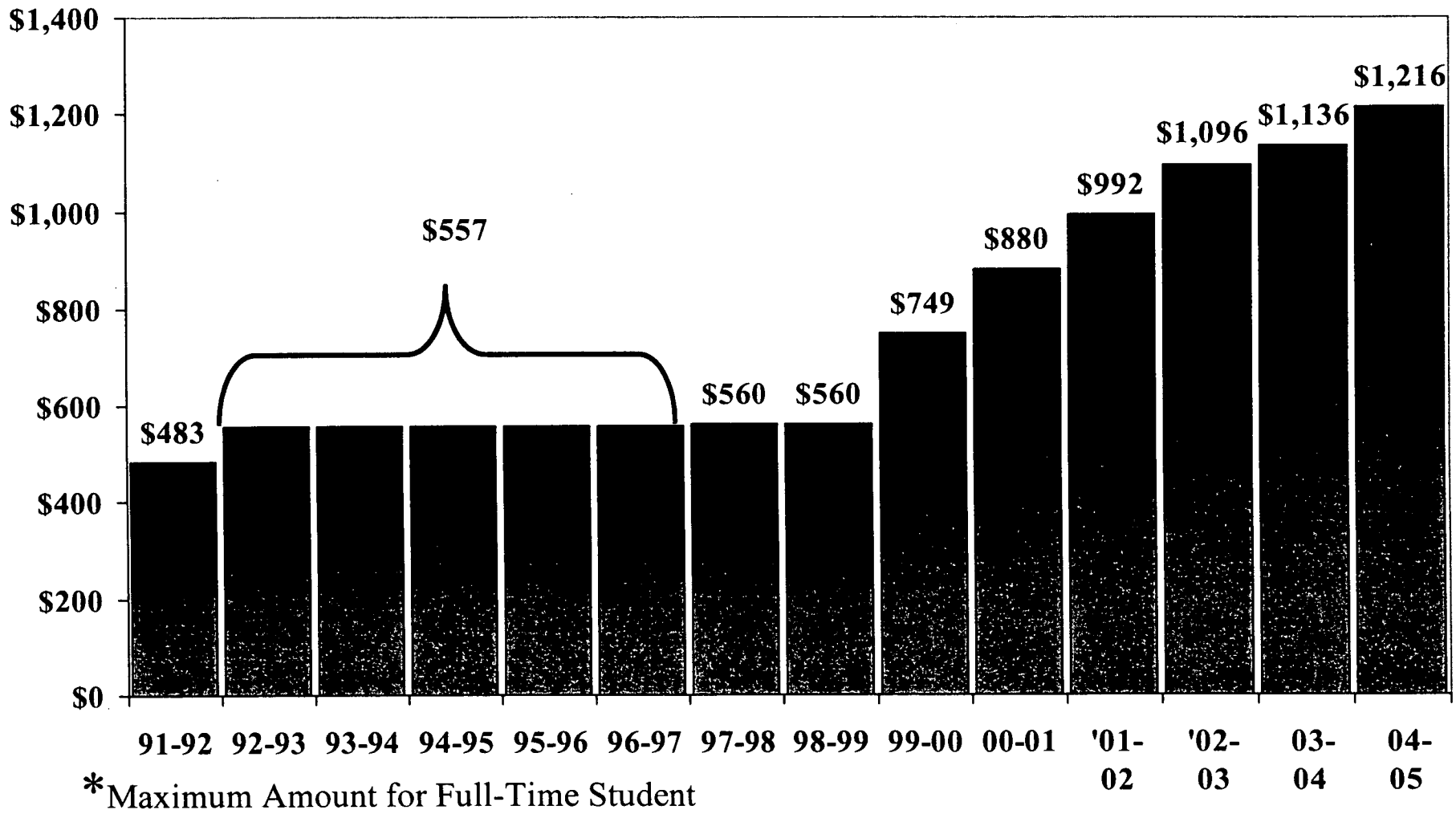
4) FY05-06 through FY08-09 moves Full-Time Faculty and Professional Staff to the National Average

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

Tuition
2004-05

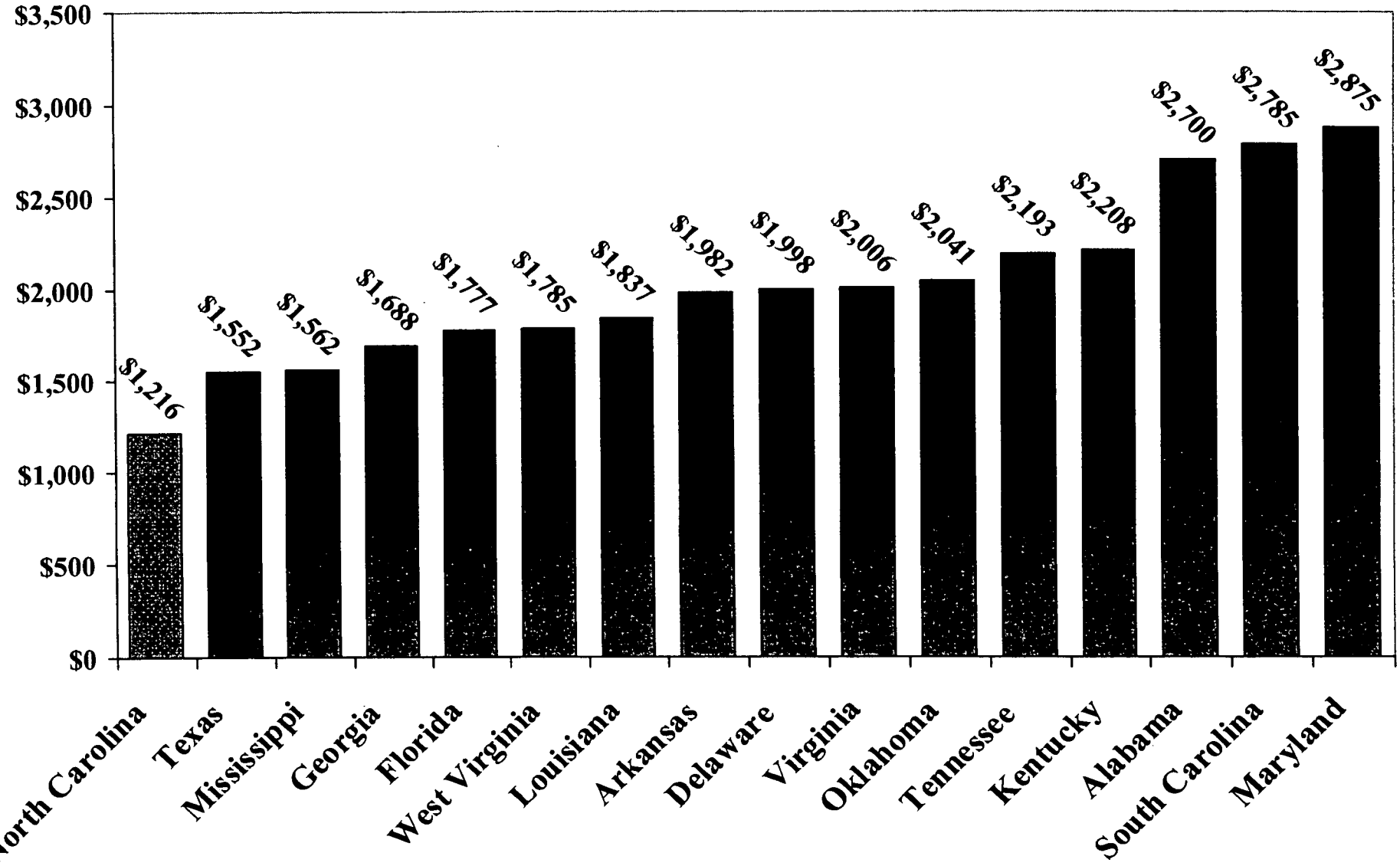
- **In-State**: $38/credit hour up to 16 hours
  (Full-time = $608/semester or $1,216/year)
- **Out-of-State**: $211/credit hour up to 16 hours
  (Full-time = $3,376/semester or $6,752/year)
- **Summer**: Same rates as regular term, up to 16 hours
- **Occupational Continuing Education**: Sliding scale based on course length:
  - 0-10 hours $50.00
  - 11-30 hours $55.00
  - 31-100 hours $60.00
  - > 100 hours $65.00

Curriculum In-State Tuition Rates*
(Academic Year)



*Maximum Amount for Full-Time Student

SREB States Resident Tuition
2004 – 2005



Community College Financial Aid

- In FY03-04, over 185,000 students received some form of financial aid
- 99,672 received a federal Pell Grant ($171 million)
- 10,962 received a NC Need Based Grant ($6.7 million)
- In FY 04-05, the General Assembly increased the NC Need Based Grant to $11 million, funded from the Escheat Fund

The Escheat Fund

- Article IX, Section 10(2) of the NC Constitution states:

  Escheats after June 30, 1971. All property that, after June 30, 1971, shall accrue to the State from escheats, unclaimed dividends, or distributive shares of the estates of deceased persons shall be used to aid **worthy and needy students** who are residents of this State and are enrolled in public institutions of higher education in this State. The method, amount, and type of distribution shall be prescribed by law.

Pell Grants & Tax Credits

Pell Grants

Pell Grants are awarded to students on the basis of family income. The maximum grant is $4,000. In December the tax tables used to calculate the expected family contribution were updated, which changed some students' eligibility. The cost to cover those students is approximately $2 million.

Hope Scholarship Credit

Hope Scholarships are available to students in their first two years of higher education. A credit of up to $1,500 may be claimed for qualified tuition and related fees. Students may claim 100% of the first $1,000 paid and 50% of the next $1,000.

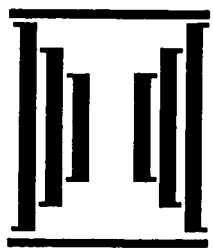
Lifelong Learning Credit

Lifelong Learning credits are available for any person taking higher education course. Students may claim 20% of the first $10,000 paid for qualified tuition and related fees, up to $2,000.

Tuition Increase Options

Percent Increase	In-State Curriculum Tuition Per Year	Revenue Generated	National Rank	Hope Tax Credit	Lifelong Learning Tax Credit
Current	**$1,216**	**NA**	**3**	**$1,108**	**$243**
1%	$1,228	$1,561,105	3	$1,114	$246
2%	$1,240	$3,122,210	3	$1,120	$248
3%	$1,252	$4,683,315	3	$1,126	$250
4%	$1,265	$6,244,420	3	$1,132	$253
5%	$1,277	$7,805,525	3	$1,138	$255
10%	$1,338	$15,611,050	3	$1,169	$268
15%	$1,398	$23,416,575	3	$1,199	$280
20%	$1,459	$31,222,100	5	$1,230	$292
25%	$1,520	$39,027,625	5	$1,260	$304
30%	$1,581	$46,833,150	7	$1,290	$316

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM



State Board of Community Colleges
Division of Business and Finance

ISSUES SESSION

"What has Happened to Tuition and Fee Receipt Collections"

March 17, 2005

THE DIVISION OF BUSINESS & FINANCE

"What has Happened to Tuition and Fee Receipt Collections?"

Legal Authority - General Statute 115D-5

"The State Board shall have authority with respect to individual institutions: to establish and regulate student tuition and fees within policies for tuition and fees established by the General Assembly."

...The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for persons:[1]

1. *For persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate,*
2. *For training courses for volunteer firemen, local fire department personnel, volunteer rescue and lifesaving department personnel, local rescue and lifesaving department personnel,*
3. *For Radio Emergency Associated Citizens Team (REACT) members when the REACT team is under contract to a county as an emergency response agency,*
4. *For local law enforcement officers,*
5. *For patients in State alcoholic rehabilitation centers,*
6. *For all full-time custodial employees of the Department of Correction, employees of the Department's Division of Community Corrections and employees of the Department of Juvenile Justice and Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission,*
7. *For trainees enrolled in courses conducted under the New and Expanding Industry Program,*
8. *For clients of sheltered workshops, clients of adult developmental activity programs, students in Health and Human Services Development Programs,*
9. *For juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent jurisdiction, prison inmates; and,*
10. *For members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as administered under Article 5 of Chapter 127A of the General Statutes.*

The Statute requires waivers:

11. *Provided further, tuition shall be waived for senior citizens attending institutions operating under this Chapter as set forth in Chapter 115B of the General Statutes, Tuition Waiver for Senior Citizens*
12. *Provided further, tuition shall also be waived for all courses taken by high school students at community colleges in accordance with G.S. 115D-20(4) and this section.*

[1] Format of the General Statutes altered by the author, but NOT the content of the statutes.

What follows from these statutory citations are:

1. That the State Board always sets tuition and registration (continuing education) fees consistent with actions of the General Assembly. That is to say, whatever rate(s) is (are) established by the legislature, the State Board implements that same rate.
2. That there are ten (10) general groups of people that the State Board MAY waive tuition and fees for, but is not required to by statute.
3. That there are two (2) groups that the State Board IS REQUIRED to waive tuition and fees for.

Report to the State Board

There are three important perspectives to examine when attempting to answer the question: "*What has Happened to Tuition and Fee Receipt Collections*." These perspectives include:

A. Tuition Charges and Budget Write-ups
B. Occupational Continuing Education Fee Adjustments
C. The Effects of Tuition Waivers

A. Tuition Charges

Currently, a full-time resident student in the North Carolina Community College System (NCCCS) pays tuition on a per credit hour basis. The maximum number of hours charged is 16. Therefore, a student taking the maximum number of credit hours (16) at the current per credit hour charge ($38) would pay $608 per semester, or $1,216 per year.

Over the past nine years, full time resident tuition has increased from $556 per year to $1,216 per year. This represents an increase of $660, or 119%. The tuition increases are illustrated on Attachment A.

Over this same period of time, non-resident tuition has increased from $4,515 to $6,752, an increase of $2,237, or 49.5%. The real issue with non-resident tuition is that it exceeds the cost of instruction by $2,131, or 46%.

Over the approximately same period, budgeted enrollment has increased from 107,227 FTE to 148,468 FTE, an increase of 41,241, or 38.5%.

In spite of large tuition increases, as long as enrollment increases were strong, tuition receipt collections were good. This is illustrated on Attachment B.

An increasing problem for the NCCCS, however, is that each year the budgeted amount continues to grow substantially. In fact, the total budgeted receipts for FY 2004-05 is $171 million. The growth in budgeted tuition and fees has been equally dramatic. From 1995-96 through 2004-05, the budgeted tuition for curriculum programs has increased from $60.1 million to $156.7 million, an increase of $96.6 million, or 161%.

The most pressing problem that has occurred recently is that the 2004 Session of the General Assembly wrote up tuition receipts by $3.2 million "to reflect the actual amount realized form 2003-04 tuition receipts". But as a matter of fact, the NCCCS failed to realize its budgeted receipts in 2003-04 by $140,000.

B. Occupational Continuing Education (OCE) Fee Adjustments

The 1999 Session of the General Assembly directed the State Board to "create a sliding fee for continuing education classes that will reflect both the length of the class and the ability to absorb a fee increase."[2] The Assembly increased the OCE fees by a total of $4.75 million on a recurring basis.

As a result, the State Board put into place a sliding fee schedule to accomplish this legislative intent in July 1999.[3] The sliding scale increased fees for an OCE course from $35 per course, to a range from $50 to $65 per course, based upon course length.

Immediately in fiscal year 1999-2000, the System failed to realize budgeted OCE receipts. In fact, the swing was from an over-collection in $2.5 million in FY 1998-99 to an under-collection of ($2.4) million in FY 1999-2000, a delta of $4.9 million, or the approximate amount of the increase.

For the fiscal year ending June 30, 2004, the total uncollected OCE receipts stood at $4.3 million. Uncollected receipts means that colleges cannot spend all the funds appropriated to them, and thus are forced to revert funds to cover the receipt shortfall.

This is clearly illustrated in Attachment C.

C. The Effects of Tuition Waivers

As noted earlier in this report, there are at least twelve (12) groupings of people that either may or shall be waived from tuition and fees. The Division of Business and Finance tracks these groups each semester. The waivers include curriculum tuition and occupational continuing education registration fees.

Over the past five years, tuition waivers have increased from $25.3 million per year to approximately $38 million, an increase of $12.7 million, or 51%. In effect, the more the General Assembly increases tuition and fees, the greater the acceleration of the waivers.

The largest single group that is waived is the volunteer fireman ($6 million), followed by paid law enforcement officers ($5.7 million) and high school students that are dually enrolled ($4.4 million).

A complete listing by year and by waived group is found on Attachment D.

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[2] Education Item #100 in the "Conference Report on the Continuation, Capital and Expansion Budget." June 1999.

[3] The State Board of Community Colleges, Division of Business and Finance. "Continuing Education Registration Fees: Policy Decisions & Tuition and Registration Fee Waiver Monitoring.

What is the effect of tuition waivers upon the budget? **If one acknowledges that one percent (1%) of the General Fund appropriation to the NCCCS is ~$8 million, then the NCCCS cannot spend the equivalent of 4.75% of its budget.**

How so? The total spending authority of the NCCCS is built upon both tuition and fee collections AND state appropriations. If the NCCCS does not collect its receipts, then it cannot spend its entire budget. In essence, spending could increase another 5% if there were no tuition and fee waivers.

The five-year trend in the increase in tuition and fee waivers is found on Attachment E.

While this is not at all practical, because there is no way the NCCCS can collect tuition and fees from groups such as high school students, prison inmates, illiterate students, etc., the uncollectable portion still has a very real effect upon the System's budget, and the ability to spend that budget as appropriated by the General Assembly.

What is the Effect this Fiscal Year?

Having a keen eye on the worsening situation with receipts collections, the Division of Business and Finance advised the 58 presidents and chief business officers in July 2004 that it was prudent to hold one percent (1%) of their budgets as a hedge against a receipts shortfall this fiscal year. In addition, staff advised the State Board of this situation at their July 2004 State Board meeting.

As the year has gone by, as enrollment has flattened out in curriculum programs, and as receipt collections have declined, the Division of Business and Finance put into action its plan. At the October 2004 meeting of the Presidents' Association, the NCACCP Finance Committee advised the full Association of the worsening situation. They also asked that colleges consider not offering 2005 summer term classes as "self supporting", else the receipts situation would only grow worse.

At the January 2005 meeting of the Presidents' Association, the Association endorsed the recall of one percent of budget to offset the tuition shortfall.

On February 8, 2005, with a predicted shortfall approaching $5 million, the Division of Business and Finance recalled a one percent reversion. This amounted to approximately $6.3 million. In effect, college budgets were cut $6.3 million because of a receipt shortfall.

What is the Appropriate Course of Action to Align Tuition and Fee Receipts?

The 1995 Session of the General Assembly was made aware that the receipts of the NCCCS were out of alignment with actual collections. Proactively, the General Assembly adopted the following language:

RECEIPT ADJUSTMENT[4]

Sec. 16.4. The Office of State Budget and Management and the Department of Community Colleges shall adjust annual tuition receipts for full-time equivalent students to reflect actual collections from the previous year, but shall not reduce the total requirements in their budget requests to the General Assembly.

The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on an annual basis on the cost of the tuition and fee exemptions established in G.S. 115D-5(b).

One decade later, the NCCCS receipts budget is again drastically out of alignment.

The Vice President for Business and Finance met with the Office of State Budget and Management (OSBM) in the fall of 2004 to request an adjustment to the NCCCS receipts budget for the 2005-07, based upon the legislative language from 1995. Unfortunately, the OSBM did not include this adjustment.

The same conversation is being held with both the members of the General Assembly and the Fiscal Staff thereof. It is absolutely critical that the receipts be adjusted downward.

The only other option that the State Board has is to consider the elimination of some of the fee waivers that it MAY or may not offer. It must be advised that this option will be met with strong opposition from those parties that currently receive the waivers.

It should also be noted that the colleges earn budget FTE from each of the waived groups. For fiscal year 2004-05, the colleges earn state appropriations from the state for both curriculum and occupational continuing education FTE at the following rates:

A. Curriculum: $3,592
B. OCE: $3,421

The budgeted per capita receipts for each program of instruction is as follows:

A. Curriculum: $1,029
B. OCE: $ 687

Therefore, if the State Board eliminated the waivers for some of the student groups identified, it would simultaneously lose funding. Stated another way, if the NCCCS lost one OCE FTE because the student had to pay tuition by virtue of eliminating the waiver, the NCCCS would lose $3,421 in funding. Therefore, there is a law of diminishing return that is applicable when waivers are eliminated and students are lost.

[4] Chapter 507 of the 1995 Session Laws

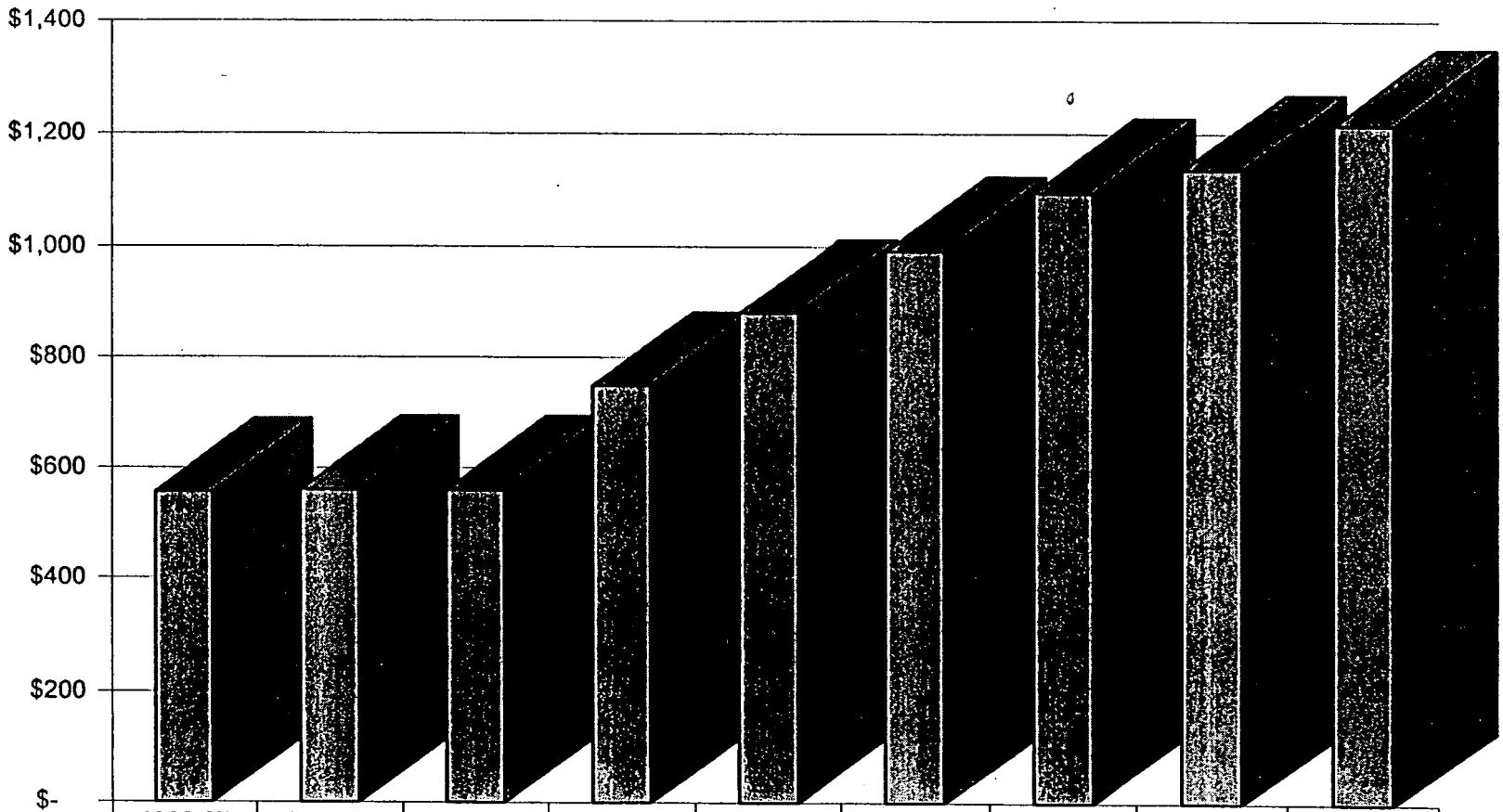
Recommended Action

Perhaps a more appropriate approach is for the State Board to call upon the Governor and General Assembly to make the adjustment that is reflected in the 1995 language. It does, after all, serve the state's best interest for the NCCCS to train public servants, emergency personnel, and the military, and to assist students matriculating from high school to the community college as close to free as possible. The problem is that the NCCCS is losing a substantial part of its budget by doing so.

ATTACHMENT A

Tuition Increases Since 1996-97

Resident Tuition on an Annual Basis



	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05
Series1	$556	$560	$560	$749	$880	$992	$1,096	$1,136	$1,216

Fiscal Year

ATTACHMENT B

North Carolina Community College System
Curriculm
1995-2004

	Enrollment		Tuition and Fees		
	Budgeted	Actual	Budgeted	Actual	(Under) Over
1995-96	108,011	104,144	60,130,746	59,227,915	(902,831)
1996-97	107,227	104,776	59,689,743	59,098,879	(590,864)
1997-98	107,515	104,742	59,856,621	58,202,778	(1,653,843)
1998-99	107,861	112,617	60,076,886	62,868,668	2,791,782
1999-00	111,918	115,813	78,700,676	84,554,496	5,853,820
2000-01	117,520	120,041	89,062,287	91,154,333	2,092,246
2001-02	120,307	132,916	100,746,354	111,405,231	10,658,877
2002-03	132,961	142,005	127,485,623	133,348,247	5,862,624
2003-04	142,056	148,468	139,970,698	144,171,390	4,200,692

North Carolina Community College System
Continuing Education
1995-2004

	Enrollment		Tuition and Fees		
	Budgeted	Actual	Budgeted	Actual	(Under) Over
1995-96	17,021	16,076	5,229,876	6,807,593	1,577,717
1996-97	16,829	16,544	5,170,879	7,169,580	1,998,701
1997-98	16,998	16,559	5,222,805	7,413,576	2,190,771
1998-99	17,214	17,512	5,289,174	7,826,422	2,537,248
1999-00	17,796	18,301	12,092,026	9,661,420	(2,430,606)
2000-01	18,674	17,042	12,827,544	9,848,408	(2,979,136)
2001-02	17,921	19,079	12,310,282	9,761,482	(2,548,800)
2002-03	19,347	20,564	13,289,840	9,682,391	(3,607,449)
2003-04	20,831	21,457	14,308,824	9,997,812	(4,311,012)

NORTH CAROLINA COMMUNITYCOLLEGE SYSTEM
COMBINED (CURRICULUM TUITION AND NON-CURRICULUM REGISTRATION FEE) WAIVER/REMISSION TRACKING
SUMMER, FALL, SPRING

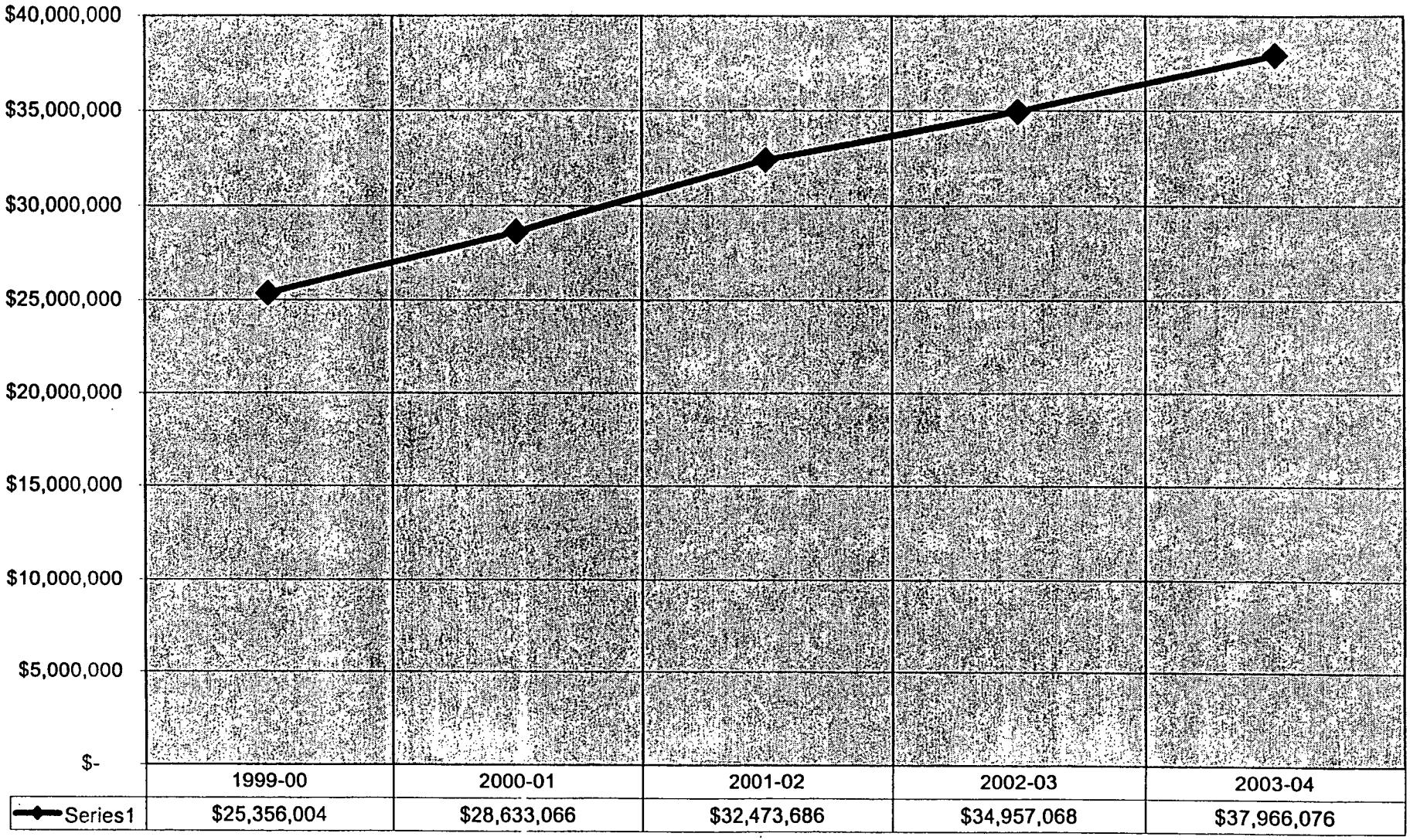
TRACKING COMBINED CURRICULUM AND NONCURRICULUM

FISCAL YEAR	VOLUNTEER FIREMAN	PAID FIRE DEPT. PERSONNEL	PAID LAW ENFORCEMENT	VOLUNTEER RESCUE LIFE SAVING DEPT.	PAID RESCUE LIFE SAVING DEPT.	PRISON	SENIOR CITIZENS	MILITARY	DUAL ENROLLMENT	HRD	OTHER	TOTAL
1999-00	4,483,643.79	1,824,899.62	3,523,590.24	1,780,659.00	915,683.00	2,539,662.34	1,113,368.82	4,415,678.85	2,586,163.54	0.00	2,172,655.52	25,356,004.72
2000-01	5,118,441.97	2,413,679.00	4,426,491.75	2,083,494.00	877,860.00	2,861,894.05	1,205,957.50	4,094,720.96	2,772,808.47	0.00	2,777,718.58	28,633,066.28
2001-02	5,708,841.61	2,636,212.00	5,124,653.87	1,945,423.00	1,053,953.00	3,288,877.67	1,162,828.12	3,702,616.22	3,698,478.69	1,157,871.00	2,993,930.84	32,473,686.02
2002-03	5,868,947.75	2,787,525.25	4,771,859.00	2,292,618.75	1,083,157.00	3,551,145.99	1,167,293.71	4,154,409.37	4,451,653.14	1,540,980.50	3,287,478.05	34,957,068.51
2003-04	5,998,165.08	3,148,023.75	5,730,659.78	3,021,936.25	1,450,016.50	3,915,688.32	1,216,031.89	3,968,177.27	4,411,496.58	1,850,802.50	3,255,078.14	37,966,076.06

ATTACHMENT E

Growth in Tuition and Fee Waivers Since 1999

Combigned Waivers for Summer, Spring and Fall



	1999-00	2000-01	2001-02	2002-03	2003-04
Series1	$25,356,004	$28,633,066	$32,473,686	$34,957,068	$37,966,076

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
BUDGET ALLOCATIONS FOR 2-1 SUMMARY
FY: 2004-05

ATTACHMENT A

COMMUNITY COLLEGES	TOTAL FTE	CURRENT OPERATING	FACULTY MINIMUM SALARY ADJUSTMENT	ACADEMIC SUPPORT SUPPLEMENT	CFDA 84.048A ** 100% VOCATIONAL EDUCATION ALLOTMENT	CFDA 84.243A ** TECH PREP	EQUIPMENT	LIBRARY BOOKS
ALAMANCE CC	3,579	$15,549,686	$26,244	$131,026	$165,783	$30,728	$416,040	$50,159
ASHEVILLE-BUNCOMBE TCC	5,209	21,922,198	1,404	183,085	141,450	40,080	552,329	65,981
BEAUFORT COUNTY CC	1,771	8,317,475	25,731	57,209	123,030	42,752	243,312	27,452
BLADEN CC	1,492	7,093,859	32,886	51,243	120,983	0	217,561	22,945
BLUE RIDGE CC	2,298	10,293,992	12,834	70,942	60,719	33,066	286,774	31,204
BRUNSWICK CC	1,273	6,302,137	2,106	37,338	77,547	0	199,036	19,827
CALDWELL CC & TI	3,523	15,241,885	38,277	124,632	173,970	26,052	407,228	50,291
CAPE FEAR CC	6,428	26,776,187	6,678	232,182	257,203	0	582,864	93,639
CARTERET CC	1,698	7,957,004	11,088	58,367	104,837	0	240,360	27,157
CATAWBA VALLEY CC	4,390	18,735,124	24,795	160,725	208,764	35,404	479,553	57,440
CENTRAL CAROLINA CC	5,109	21,760,791	34,416	156,648	251,062	0	533,295	56,201
CENTRAL PIEDMONT CC	11,742	48,108,800	4,419	427,027	445,045	56,446	1,048,324	169,383
CLEVELAND CC	2,570	11,453,660	5,976	91,285	140,768	0	319,345	35,866
COASTAL CAROLINA CC	4,116	17,791,701	46,755	138,537	154,640	30,728	406,167	63,884
COLLEGE OF ALBEMARLE	2,212	10,071,708	33,165	71,758	92,329	42,752	267,842	37,178
CRAVEN CC	2,592	11,513,791	5,373	89,311	122,120	21,376	298,988	42,067
DAVIDSON COUNTY CC	3,305	14,401,280	4,806	103,087	154,413	0	381,739	48,402
DURHAM TCC	4,407	18,831,968	5,040	149,524	242,648	0	444,845	61,589
EDGECOMBE CC	2,453	11,071,209	1,251	80,899	226,502	21,376	316,292	31,196
FAYETTEVILLE TCC	9,914	40,530,190	16,848	321,965	414,571	42,418	885,571	124,856
FORSYTH TCC	6,202	25,887,286	7,191	214,801	229,913	40,080	636,403	74,071
GASTON COLLEGE	4,347	18,580,841	0	161,798	238,782	28,390	441,690	67,170
GUILFORD TCC	7,645	31,905,195	79,686	277,503	312,918	51,770	696,252	115,344
HALIFAX CC	1,759	8,223,539	0	62,960	161,917	0	244,330	27,938
HAYWOOD CC	1,812	8,414,693	0	66,178	120,528	0	259,699	29,087
ISOTHERMAL CC	2,036	9,327,739	9,594	73,002	129,397	38,076	275,985	32,601
JAMES SPRUNT CC	1,398	6,758,417	86,706	50,514	135,765	23,714	224,991	22,487
JOHNSTON CC	3,528	15,328,207	61,092	126,820	118,709	30,728	400,365	53,181
LENOIR CC	2,954	13,035,018	8,343	88,581	187,842	0	333,188	41,573
MARTIN CC	1,067	5,482,694	10,107	31,415	80,276	0	189,977	16,214
MAYLAND CC	1,481	7,100,703	9,000	44,591	48,666	0	222,141	20,171
MCDOWELL TCC	1,279	6,305,109	73,710	43,432	83,460	18,036	204,838	20,553
MITCHELL CC	2,151	9,744,994	1,917	72,873	129,625	30,728	282,499	31,867
MONTGOMERY CC	876	4,663,696	0	29,999	82,323	0	178,781	14,094

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
BUDGET ALLOCATIONS FOR 2-1 SUMMARY
FY: 2004-05

ATTACHMENT A

COMMUNITY COLLEGES	TOTAL FTE	CURRENT OPERATING	FACULTY MINIMUM SALARY ADJUSTMENT	ACADEMIC SUPPORT SUPPLEMENT	CFDA 84.048A ** 100% VOCATIONAL EDUCATION ALLOTMENT	CFDA 84.243A ** TECH PREP	EQUIPMENT	LIBRARY BOOKS
NASH CC	2,305	$10,353,484	$39,438	$73,002	$127,123	$23,714	$295,731	$30,389
PAMLICO CC	496	3,383,186	9,369	12,961	43,890	0	140,001	9,105
PIEDMONT CC	2,176	9,849,031	2,169	78,710	134,173	0	301,940	28,137
PITT CC	5,185	21,865,103	37,917	199,994	176,926	28,390	552,838	70,196
RANDOLPH CC	2,446	10,937,805	21,708	73,560	171,923	0	308,149	29,371
RICHMOND CC	2,020	9,390,668	1,116	59,355	173,288	16,700	256,341	27,640
ROANOKE CHOWAN CC	958	5,017,897	14,580	33,819	120,756	0	180,308	18,039
ROBESON CC	3,413	15,117,743	8,685	81,285	220,589	30,728	355,071	36,516
ROCKINGHAM CC	2,104	9,524,886	2,493	69,912	119,619	0	276,290	34,930
ROWAN-CABARRUS CC	4,789	20,220,517	0	165,317	343,164	0	509,376	57,151
SAMPSON CC	1,653	7,887,098	0	47,424	106,883	26,052	220,411	25,183
SANDHILLS CC	3,782	16,346,095	26,748	135,447	221,272	0	423,369	50,289
SOUTH PIEDMONT CC	1,884	8,808,935	4,878	57,037	142,587	0	235,577	27,601
SOUTHEASTERN CC	2,406	10,797,930	27,000	77,251	136,220	28,390	316,597	32,354
SOUTHWESTERN CC	2,107	9,551,271	0	65,835	137,129	0	277,817	29,216
STANLY CC	2,200	9,884,793	8,397	71,200	107,793	0	290,642	31,150
SURRY CC	3,284	14,211,406	24,057	114,417	173,060	0	373,189	47,184
TRI COUNTY CC	1,222	6,000,439	25,569	40,943	113,933	30,728	203,209	19,381
VANCE-GRANVILLE CC	4,324	18,344,224	3,879	142,700	352,943	33,066	468,357	53,189
WAKE TCC	9,772	40,031,866	204,741	327,802	390,693	0	847,911	124,864
WAYNE CC	3,438	14,950,228	14,553	108,151	187,615	0	367,998	52,527
WESTERN PIEDMONT CC	2,918	12,993,361	8,937	93,259	179,200	0	338,175	42,573
WILKES CC	2,991	13,114,127	5,364	97,208	140,086	30,394	352,527	42,362
WILSON TCC	2,121	9,612,913	12,132	68,842	174,653	0	309,304	29,120
TOTAL	188,610	$822,677,782	$1,191,168	$6,376,688	$9,934,023	$932,862	$21,319,732	$2,631,535

1. NOTE: ALLOCATIONS IN THIS TABLE ARE BASED ON THE CONTINUATION AND EXPANSION BUDGET.
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** FUNDS THAT HAVE BEEN RESTRICTED BY LEGISLATION; CANNOT BE TRANSFERRED TO OTHER PROGRAMS.

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
BUDGET ALLOCATIONS FOR 2-1 SUMMARY
FY: 2004-05

ATTACHMENT A

COMMUNITY COLLEGES	SPECIAL HIGH COST ALLOTMENTS	** MAINTENANCE OF PLANT	MISCELLANEOUS ALLOTMENTS	MULTI CAMPUS	OFF CAMPUS CENTERS WITH FTE > 50	OFF CAMPUS CENTERS WITH FTE < 50	FIT APPROPRIATION	** CED SPECIAL PROJECT
ALAMANCE CC	$0	$0	$0		$19,679	$0	$81,944	$22,109
ASHEVILLE-BUNCOMBE TCC					28,814		81,653	31,677
BEAUFORT COUNTY CC							0	18,637
BLADEN CC					21,191		0	13,556
BLUE RIDGE CC					56,258		75,471	18,552
BRUNSWICK CC					15,939	662	0	20,076
CALDWELL CC & TI	128,426			525,000	13,630	55	81,424	20,330
CAPE FEAR CC	355,830			525,000	38,214		75,079	21,685
CARTERET CC							0	15,589
CATAWBA VALLEY CC			600,000		12,874		107,087	20,330
CENTRAL CAROLINA CC		202,601		834,888	35,495		87,348	24,310
CENTRAL PIEDMONT CC			64,000	2,416,936	20,231		109,816	38,197
CLEVELAND CC							77,272	10,423
COASTAL CAROLINA CC							57,267	11,355
COLLEGE OF ALBEMARLE		131,048		321,724	27,587	41	66,881	18,891
CRAVEN CC				319,572			82,312	16,859
DAVIDSON COUNTY CC					28,201		87,266	20,754
DURHAM TCC					44,344		103,129	19,399
EDGECOMBE CC				525,000			74,181	15,843
FAYETTEVILLE TCC					146,173	635	76,830	32,354
FORSYTH TCC					193,174		97,972	32,100
GASTON COLLEGE				475,000			94,197	22,532
GUILFORD TCC				525,000	79,697	184	111,447	26,850
HALIFAX CC							67,500	13,048
HAYWOOD CC	491,871				59,875		69,821	14,826
ISOTHERMAL CC						902	75,696	20,161
JAMES SPRUNT CC							0	13,133
JOHNSTON CC	252,762						88,342	13,556
LENOIR CC					49,657	655	67,500	19,653
MARTIN CC					20,435		0	17,790
MAYLAND CC		63,107				1,742	0	15,335
MCDOWELL TCC						799	81,349	17,875
MITCHELL CC					33,309		79,461	16,351
MONTGOMERY CC							0	12,117

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
BUDGET ALLOCATIONS FOR 2-1 SUMMARY
FY: 2004-05

ATTACHMENT A

COMMUNITY COLLEGES	SPECIAL HIGH COST ALLOTMENTS	** MAINTENANCE OF PLANT	MISCELLANEOUS ALLOTMENTS	MULTI CAMPUS	OFF CAMPUS CENTERS WITH FTE > 50	OFF CAMPUS CENTERS WITH FTE < 50	FIT APPROPRIATION	** CED SPECIAL PROJECT
NASH CC	$0	$0	$0			$0	$75,155	$14,318
PAMLICO CC							0	10,762
PIEDMONT CC					63,758		67,500	13,895
PITT CC							75,706	16,181
RANDOLPH CC					18,044		87,114	18,383
RICHMOND CC					22,540	875	80,041	13,810
ROANOKE CHOWAN CC							0	11,439
ROBESON CC					45,427	1,010	73,179	24,818
ROCKINGHAM CC							76,953	13,726
ROWAN-CABARRUS CC				575,000	36,538		92,362	13,641
SAMPSON CC							79,681	20,330
SANDHILLS CC					22,683		68,092	19,484
SOUTH PIEDMONT CC		123,820		372,296	12,670		80,820	10,593
SOUTHEASTERN CC						369	82,278	15,589
SOUTHWESTERN CC		108,217				1,543	0	14,996
STANLY CC					28,609		80,084	14,657
SURRY CC					16,144		79,145	18,722
TRI COUNTY CC					33,922		0	15,165
VANCE-GRANVILLE CC		159,084		887,700	24,665		78,515	16,520
WAKE TCC			125,000	525,000	50,741		92,545	37,689
WAYNE CC			125,000			528	0	20,584
WESTERN PIEDMONT CC			64,000				78,251	34,132
WILKES CC					58,649		77,305	23,463
WILSON TCC	378,288		62,000		10,833		79,200	18,214
TOTAL	$1,607,177	$787,877	$1,040,000	$8,828,116	$1,390,000	$10,000	$3,662,171	$1,097,364

1. NOTE: ALLOCATIONS IN THIS TABLE ARE BASED ON THE CONTINUATION AND EXPANSION BUDGET.
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3. NOTE: MISCELLANEOUS ALLOTMENTS INCLUDE: HEARING IMPAIRED, HOSIERY TECHNOLOGY, AND CURRICULUM IMPROVEMENT PROJECTS (CIP).

** FUNDS THAT HAVE BEEN RESTRICTED BY LEGISLATION; CANNOT BE TRANSFERRED TO OTHER PROGRAMS.

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
BUDGET ALLOCATIONS FOR 2-1 SUMMARY
FY: 2004-05

ATTACHMENT A

COMMUNITY COLLEGES	SMALL BUSINESS CENTER	FACULTY UPGRADE	AREA COORDINATOR LAW	AREA COORDINATOR FIRE	STATE CHILD CARE	TOTAL ALLOTMENTS	Allocation Per FTE
ALAMANCE CC	$70,462	$9,018	$0	$0	$34,891	$16,607,769	$4,640
ASHEVILLE-BUNCOMBE TCC	116,340	10,393			44,287	23,219,691	$4,458
BEAUFORT COUNTY CC	70,462	7,494			28,150	8,961,704	$5,060
BLADEN CC	70,462	7,258			25,882	7,677,826	$5,146
BLUE RIDGE CC	70,462	7,938			26,945	11,045,157	$4,806
BRUNSWICK CC	70,462	7,074			22,357	6,774,561	$5,322
CALDWELL CC & TI	70,462	8,971			37,519	16,948,152	$4,811
CAPE FEAR CC	70,462	11,421			49,807	29,096,251	$4,526
CARTERET CC	70,462	7,432			28,365	8,520,661	$5,018
CATAWBA VALLEY CC	70,462	9,702		74,909	35,167	20,632,336	$4,700
CENTRAL CAROLINA CC	70,462	10,309			36,824	24,094,650	$4,716
CENTRAL PIEDMONT CC	70,462	15,903			52,131	53,047,120	$4,518
CLEVELAND CC	70,462	8,167			30,710	12,243,934	$4,764
COASTAL CAROLINA CC	70,462	9,471			37,846	18,818,813	$4,572
COLLEGE OF ALBEMARLE	70,462	7,866			27,965	11,289,197	$5,104
CRAVEN CC	70,462	8,186			29,994	12,620,411	$4,869
DAVIDSON COUNTY CC	70,462	8,787	119,264	77,369	30,744	15,536,574	$4,701
DURHAM TCC	70,462	9,717			39,768	20,022,433	$4,543
EDGECOMBE CC	70,462	8,069			28,832	12,471,112	$5,084
FAYETTEVILLE TCC	70,462	14,361			60,597	42,737,831	$4,311
FORSYTH TCC	70,462	11,231		85,710	46,516	27,626,910	$4,455
GASTON COLLEGE	70,462	9,666			40,385	20,230,913	$4,654
GUILFORD TCC	70,462	12,448			55,327	34,320,083	$4,489
HALIFAX CC	70,462	7,483			28,636	8,907,813	$5,064
HAYWOOD CC	70,462	7,528		73,383	28,857	9,706,808	$5,357
ISOTHERMAL CC	70,462	7,717			27,395	10,088,727	$4,955
JAMES SPRUNT CC	70,462	7,179		70,405	21,354	7,485,127	$5,354
JOHNSTON CC	70,462	8,975			36,428	16,589,627	$4,702
LENOIR CC	70,462	8,491			30,484	13,941,447	$4,720
MARTIN CC	70,462	6,900			22,600	5,948,870	$5,575
MAYLAND CC	70,462	7,249			26,280	7,629,447	$5,152
MCDOWELL TCC	70,462	7,079			26,078	6,952,780	$5,436
MITCHELL CC	70,462	7,814			41,272	10,543,172	$4,902
MONTGOMERY CC	70,462	6,739			23,827	5,082,038	$5,801

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
BUDGET ALLOCATIONS FOR 2-1 SUMMARY
FY: 2004-05

ATTACHMENT A

COMMUNITY COLLEGES	SMALL BUSINESS CENTER	FACULTY UPGRADE	AREA COORDINATOR LAW	AREA COORDINATOR FIRE	STATE CHILD CARE	TOTAL ALLOTMENTS	Allocation Per FTE
NASH CC	$70,462	$7,944	$0	$0	$28,826	$11,139,586	$4,833
PAMLICO CC	70,462	6,418			19,653	3,705,807	$7,471
PIEDMONT CC	70,462	7,835			29,893	10,647,503	$4,893
PITT CC	70,462	10,373			43,033	23,147,119	$4,464
RANDOLPH CC	70,462	8,063			24,808	11,769,390	$4,812
RICHMOND CC	70,462	7,704			27,481	10,148,021	$5,024
ROANOKE CHOWAN CC	70,462	6,808			24,037	5,498,145	$5,739
ROBESON CC	70,462	8,878		91,928	29,992	16,196,311	$4,745
ROCKINGHAM CC	70,462	7,774			29,799	10,226,844	$4,861
ROWAN-CABARRUS CC	70,462	10,039			32,870	22,126,437	$4,620
SAMPSON CC	70,462	7,394			26,488	8,517,406	$5,153
SANDHILLS CC	70,462	9,190			37,279	17,430,410	$4,609
SOUTH PIEDMONT CC	70,462	7,589			28,156	9,983,021	$5,299
SOUTHEASTERN CC	70,462	8,029			22,005	11,614,474	$4,827
SOUTHWESTERN CC	70,462	7,777	117,385		29,022	10,410,670	$4,941
STANLY CC	70,462	7,855			28,152	10,623,794	$4,829
SURRY CC	70,462	8,770			45,100	15,181,656	$4,623
TRI COUNTY CC	70,462	7,031			26,109	6,586,891	$5,390
VANCE-GRANVILLE CC	70,462	9,647			38,372	20,683,323	$4,783
WAKE TCC	70,462	14,241		70,510	60,977	42,975,042	$4,398
WAYNE CC	70,462	8,900			34,685	15,941,231	$4,637
WESTERN PIEDMONT CC	70,462	8,461			31,365	13,942,176	$4,778
WILKES CC	70,462	8,523			32,357	14,052,827	$4,698
WILSON TCC	70,462	7,789	118,687	84,199	28,337	11,064,973	$5,217
TOTAL	$4,132,674	$507,068	$355,336	$628,413	$1,923,016	$891,033,002	$4,724

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NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
MULTI CAMPUS FUNDING
FY: 2004-05

COMMUNITY COLLEGES	CAMPUS TITLE	TOWN	FTE ENROLLMENT	FUNDING PER CAMPUS	TOTAL ALLOTMENT
Caldwell CC		Hudson		-	
	Watauga Cty. Campus	Boone	670	$ 525,000	$ 525,000
Cape Fear CC		Wilmington		-	
	North Campus	Wilmington	595	525,000	525,000
Central Carolina CC		Sanford		-	
	Chatham Cty. Campus	Pittsboro	288	309,888	
	Harnett Cty. Campus	Lillington	695	525,000	834,888
Central Piedmont CC		Charlotte		-	
	North Campus	Huntersville	586	525,000	
	Northeast Campus	Charlotte	434	466,984	
	South Campus	Matthews	1435	575,000	
	Southwest Campus	Charlotte	591	525,000	
	West Campus	Charlotte	302	324,952	2,416,936
College of The Albemarle		Elizabeth City		-	
	Dare Cty. Campus	Manteo	299	321,724	321,724
Craven CC		New Bern		-	
	Havelock/Cherry Point Campus.	Havelock	297	319,572	319,572
[redacted]combe CC		Tarboro		-	
	Rocky Mount Campus	Rocky Mount	726	525,000	525,000
Gaston College		Dallas		-	
	Lincoln Cty. Campus	Lincolnton	495	475,000	475,000
Guilford TCC		Jamestown		-	
	Greensboro Campus	Greensboro	765	525,000	525,000
Rowan-Cabarrus CC		Salisbury		-	
	Cabarrus Cty. Campus	Concord	1378	575,000	575,000
South Piedmont CC (East Campus)		Polkton		-	
	West Campus (Brewer Dr., Union Cty.)	Monroe	346	372,296	372,296
Vance-Granville CC		Henderson		-	
	Franklin Cty. Campus	Louisburg	438	471,288	
	Granville Cty. Campus	Creedmoor	387	416,412	887,700
Wake TCC		Raleigh		-	
	Health Sciences Campus	Raleigh	776	525,000	525,000
TOTAL			11,503		$ 8,828,116

NOTE: A "Center had to generate >50 FTE to be eligible for funding, and the first 50 FTE were excluded from the calculation.

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
OFF CAMPUS CENTER FUNDING
DISTRIBUTION OF $1.39 MILLION TO CENTERS WITH > 50 FTE

COMMUNITY COLLEGES	OFF CAMPUS CENTER TITLE	TOWN	FTE ENROLLMENT	FUNDING PER CENTER	TOTAL ALLOTMENT
Alamance CC		Graham		-	
	Burlington Ctr.	Burlington	96.3	19,679	$ 19,679
Asheville-Buncombe TCC		Asheville		-	
	Enka Ctr.	Enka	54.0	11,035	
	Madison Cty. Ctr.	Marshall	87	17,779	28,814
Bladen CC		Dublin		-	
	Kelly/East Arcadia Ctr.	Kelly	103.7	21,191	21,191
Blue Ridge CC		Flat Rock		-	
	Transylvania Cty. Ctr.	Pisgah Forest	275.3	56,258	56,258
Brunswick CC		Supply		-	
	Leland Ctr.	Leland	78	15,939	15,939
Caldwell CC & TI		Hudson		-	
	Watauga Cty. Cont. Ed. Ctr.	Boone	66.7	13,630	13,630
Cape Fear CC		Wilmington		-	
	Burgaw Ctr. (Pender Cty.)	Burgaw	77	15,735	
	Hampstead Ctr. (Pender Cty.)	Hampstead	110	22,479	38,214
Catawba Valley CC		Hickory		-	
	Alexander Cty. Ctr.	Taylorsville	63	12,874	12,874
Central Carolina CC		Sanford		-	
	School of Telecommunications (Ctr.)	Sanford	58.7	11,995	
	Siler City. Ctr. (Chatham Cty.)	Siler City	115	23,500	35,495
Central Piedmont CC		Charlotte		-	
	West Center (Allegany St.)	Charlotte	99	20,231	20,231
College of The Albemarle		Elizabeth City		-	
	Chowan Cty. Ctr.	Edenton	135	27,587	27,587
Davidson County CC		Lexington		-	
	Davie Cty. Ctr.	Mocksville	138	28,201	28,201
Durham TCC		Durham		-	
	Northern Durham Ctr.	Durham	217	44,344	44,344
Fayetteville TCC		Fayetteville		-	
	Spring Lake Ctr.	Spring Lake	715.3	146,173	146,173
Forsyth TCC		Winston-Salem		-	
	Carver Road Ctr.	Winston Salem	262	53,540	
	Kernersville Ctr.	Kernersville	229	46,797	
	West Ctr.	Winston-Salem	454.3	92,837	193,174
Guilford TCC		Jamestown		-	
	Aviation Ctr.	Greensboro	68	13,896	
	High Point Ctr.	High Point	322	65,801	79,697
Haywood CC		Clyde		-	
	Continuing Ed. Ctr.	Clyde	144	29,427	
	High Tech. Ctr.	Waynesville	149	30,448	59,875
Lenoir CC		Kinston		-	
	Greene Cty. Ctr.	Snow Hill	177	36,170	
	Jones Cty. Ctr.	Trenton	66	13,487	49,657

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
OFF CAMPUS CENTER FUNDING
DISTRIBUTION OF $1.39 MILLION TO CENTERS WITH > 50 FTE

COMMUNITY COLLEGES	OFF CAMPUS CENTER TITLE	TOWN	FTE ENROLLMENT	FUNDING PER CENTER	TOTAL ALLOTMENT
Martin CC		Williamston		-	
	Bertie Cty. Ctr.	Windsor	100	20,435	20,435
Mitchell CC		Statesville		-	
	Mooresville Ctr.	Mooresville	163	33,309	33,309
Piedmont CC		Roxboro		-	
	Caswell Cty. Ctr.	Yanceyville	312	63,758	63,758
Randolph CC		Asheboro		-	
	Archdale Ctr.	Archdale	88.3	18,044	18,044
Richmond CC		Hamlet		-	
	Continuing Education Ctr.	Rockingham	110.3	22,540	22,540
Robeson CC		Lumberton		-	
	Lumberton Extension Ctr.	Lumberton	85.3	17,431	
	Pembroke Extension Ctr.	Pembroke	137	27,996	45,427
Rowan-Cabarrus CC		Salisbury		-	
	Cloverleaf Plaza Ctr.	Kannapolis	178.8	36,538	36,538
Sandhills CC		Pinehurst		-	
	Hoke Cty. Ctr.	Raeford	111	22,683	22,683
South Piedmont CC *(East Campus)*		Polkton		-	
	Wadesboro Cont. Ed. Ctr.	Wadesboro	62	12,670	12,670
Stanly CC		Albemarle		-	
	Western Stanly Ctr.	Locust	140	28,609	28,609
Surry CC		Dobson		-	
	Yadkin Cty. Ctr.	Yadkinville	79	16,144	16,144
Tri-County CC		Murphy		-	
	Graham Cty. Ctr.	Robbinsville	166	33,922	33,922
Vance-Granville CC		Henderson		-	
	Warren Cty. Ctr.	Warrenton	120.7	24,665	24,665
Wake TCC		Raleigh		-	
	Adult Education Ctr.	Raleigh	248.3	50,741	50,741
Wilkes CC		Wilkesboro		-	
	Alleghany Cty. Ctr.	Sparta	73	14,918	
	Ashe Cty. Ctr.	West Jefferson	214	43,731	58,649
Wilson TCC		Wilson		-	
	Police Academy Ctr.	Wilson	53	10,833	10,833
TOTAL			6,802.0		$ 1,390,000

**Section 8.9 of HB 1414*

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
OFF CAMPUS CENTER FUNDING
DISTRIBUTION OF $10,000 TO CENTERS WITH < 50 FTE
FY: 2004-05

COMMUNITY COLLEGES	OFF CAMPUS CENTER TITLE	TOWN	FTE ENROLLMENT	FUNDING PER CENTER	TOTAL ALLOTMENT
Brunswick CC		Supply		-	
	Southport Ctr.	Leland	32.3	662	$ 662
Caldwell CC & TI		Boone		-	
	Adm. Sup./Basic Skills Ctr. *(Watauga Cty.)*	Boone	2.7	55	55
College of The Albemarle		Elizabeth City		-	
	Riverside Ext. Ctr.	Elizabeth City	2	41	41
Fayetteville TCC		Fayetteville		-	
	Firefighting Facility Ctr.	Fayetteville	31	635	635
Guilford TCC		Jamestown		-	
	Small Business Ctr.	Greensboro	9	184	184
Isothermal CC		Spindale		-	
	Polk Cty. Ctr.	Columbus	44	902	902
Lenoir CC		Kinston		-	
	Aviation Ctr.	Kinston	19.3	396	
	Walstonburg Ctr. *(Greene Cty)*	Walstonburg	3.3	68	
	West Boundary Street Ctr.	LaGrange	9.3	191	655
Mayland CC		Spruce Pine		-	
	Avery Cty. Ctr.	Newland	39	799	
	Yancey Cty. Ctr.	Burnsville	46	943	1,742
McDowell TCC		Marion		-	
	Marion Ctr.	Marion	39	799	799
Richmond CC		Hamlet		-	
	James Nursing Bldg. (Ctr.)	Hamlet	0.7	14	
	Scotland Cty. Ctr.	Laurinburg	42	861	875
Robeson CC		Lumberton		-	
	Emergency Training Ctr.	Lumberton	49.3	1,010	1,010
Southeastern CC		Whiteville		-	
	Bus./Ind. Trng. Ctr.	Whiteville	18	369	369
Southwestern CC		Sylva		-	
	Macon Cty. Ctr.	Franklin	43	881	
	Swain Cty. Ctr.	Bryson City	32.3	662	1,543
Wayne CC		Goldsboro		-	
	Aviation Ctr.	Goldsboro	25.7	528	528
TOTAL			487.9		$ 10,000

Section 8.9 of HB 1414

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION 3-29-05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ginger Burks	UNC
Mark Lanier	UNCW
Michael Horner	NCAE
DAVID DUNN	UNC CHARLOTTE 49ERS!

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION March 29. 05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	SBE / DPI
Mike Williams	Principal Fellows Program
Dorothy Mebane	NC TEACH
[signature]	John Locke Fdn
Elizabeth Bowman	OSBM
Molly Ryan	NCSBA
Tripp Melton	Intern
[signature]	Gov's office
[signature]	NCICU

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION March 29 2005

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID BARGER Melissa Thibault	LEARN NC, UNC-CH, 140 Friday Cntr. Dr. Chapel Hill, NC 27517
DAVID WALSER	CENTER FOR SCHOOL LEADERSHIP DEVELOPMENT 140 FRIDAY CENTER DR, CHAPEL HIL NC 27517
Brad Snueder	Center for School Leadership Dev. Chapel Hill
Mary McDuffie	NCCAT - NC Center for the Advancement of Teaching
Sally Adkin	Summer Ventures in Sci + Math
Jean Murphy	NCMTEC
Verna L. Holoman	NCMSEN
Sandra Duggins	NCTA 200 Meredith Dr. Durham, NC 27713
Julie Kuss	NCTA
Neil Bolick	World View
Bob Play	World View

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION 3-29-05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Richard Schwartz	Schwartz Shaw / NCCAT
Richard Thompson	UNC
Wayne McDevitt	UNC
Brian Williams	UNC
Alisa Chapman	UNC
Bobby Kaney	UNC
Suzette Morrist	Nurse of the day - Raleigh, NC
Glenn Morris	Public School Forum
Trey O'Quinn	OSBM
Bryan Conrad	OSBM
Stuart Fountain	JFBCC

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION 3.29.05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rebecca Troxler	NCACC
	NCSCA

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION 3-29-05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Richard Sullins	NCCCS
Kenny Bayyd	"
Hal Miller	NCACCT
Michael Houser	NCAE
Marcus Davis	NCAE
John Mobley	GOO caller
Nancy Kimbrell	me!

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION March 29 2005
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ann Nance	Public School Forum
[illegible]	[illegible]
Cliff Mitchell	NC Community College Faculty Assoc
Elizabeth Groninger	OSBM
Molly Ryan	NCSBA
Bryan Conrad	OSBM
[illegible]	SBE / DPI
D. [illegible]	Explorer
Ann McArthur	Governor's Ofc.
Mark Fleming	University
[illegible]	NCICU

Joint Appropriations Subcommittee on Education

Agenda

Tuesday, March 29, 2005, 2:00 P.M.

Room 421, Legislative Office Building

Representative Yongue, Presiding

I. Welcome

II. College Access Programs

Dr. Bobby Kanoy, Senior Associate Vice President for Access & Outreach

III. University K-16 Programs

Dr. Richard Thompson, Vice President for University-Schools Program

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

March 29, 2005
2:00 P.M.

The House Appropriations Subcommittee on Education met jointly today with Senate Appropriations Subcommittee on Education/Higher Education. House members in attendance were Co-Chairs: Jeffus, Tolson, and Yongue as well as Representatives: Bell, Cleveland, Fisher, Hilton, Johnson, Parmon, Pate, Preston and Rapp. Five Senators were present. The Visitor Registration is attached and made part of these minutes (Attachment 1).

Chairman Yongue called the meeting to order at 2:02 p.m. in Room 421 of the Legislative Office Building. There were three House pages and four Senate pages present.

Chairman Yongue introduced Dr. Bobby Kanoy, Senior Associate Vice President, Access and Outreach, to present the first agenda item – College Access Programs. Dr. Kanoy set up this presentation by first naming the six strategic directions of the UNC System: Access, Intellectual Capitol Formation, K-16 Partnerships, Knowledge Creation and Transfer, Internationalization, Transformation and Change. Dr. Kanoy asserted that the UNC Board of Governors has named Access as the most important strategic initiative. Dr. Kanoy introduced Mr. Brian Williams to report to the committee on how College Foundation of North Carolina, CFNC, has helped increase access. Mr. Williams highlighted the establishment of Pathways, approved and funded by the General Assembly in 1999, which included the collaboration of the NC Department of Public Instruction, NC Community College System, the University System, and the North Carolina Independent Colleges and Universities. Please see handout entitled "Pathways (CFNC) and GEAR UP NC" for presentation in its entirety (Attachment 2) as well as an additional handout that outlines the history, funding, and success of CFNC and Pathways (Attachment). CFNC helps prospective students plan, apply, and pay for college. The CFNC website has also engaged prospective teachers, nurses, and community college transfer students. Of the House and Senate pages present, four have used the CFNC website to access these resources.

Questions were raised and answered.

Dr. Richard Thompson, Vice President for University-Schools Program, talked to members of the committee about K-16 programs designed to achieve several goals. The first goal Dr. Thompson mentioned is to increase the supply of teachers, noting that the UNC System has committed to increase the number of teacher graduates by 64% in the next five years. Other goals include professional development, and teacher retention.

Dr. Thompson reviewed each of twelve K-16 programs and then called on committee members for questions that he then addressed. Following his review of the first program – the North Carolina Center for the Advancement of Teaching (NCCAT) – Dr. Thompson called on Ms. Mary McDuffie, Director of NCCAT, who shared more information at Representative Johnson's request regarding the Ocracoke campus. Ms. McDuffie also spoke to members of funding sources and success of the program. Please refer to Dr. Thompson's presentation handouts entitled, "The University of North Carolina: K-16 Education Programs" (Attachment 3). These handouts provide an overview of each of the following programs in this order: North Carolina Center for the Advancement of Teaching (NCCAT), North Carolina Principal Fellows Program (PFP), North Carolina Teacher Academy (NCTA), North Carolina Principals' Executive Program (PEP), World View, Legislators' School for Youth Leadership Development, Learn NC, Reading Together USA, Summer Ventures in Science and Mathematics (SVSM), North Carolina Model Teacher Consortium (NCMTEC), North Carolina Mathematics and Science Education Network (MSEN), and North Carolina Teachers of Excellence for All Children (NC TEACH).

There being no further business, Chairman Yongue adjourned the meeting at 3:19 p.m.

Douglas Y. Yongue

Katie Stanley

Pathways (CFNC) and GEAR UP NC

Joint Appropriations Subcommittee
on Education

March 29, 2005

The University of North Carolina is guided by a set of six Strategic Directions:



- **Access**
- **Intellectual Capital Formation**
- **K-16 Partnerships**
- **Knowledge Creation/Transfer**
- **Internationalization**
- **Transformation and Change**

Our Primary Goal = Access



To increase the college-going rate in North Carolina with particular attention toward "first-generation" college students.

Two obstacles facing first-generation college students:

(1) Can I really go to college in NC?

(2) Can I afford to go to college?



About North Carolina Education

A Commitment to Access

- **110 Colleges and Universities**
  - **16 UNC Campuses**
  - **36 Independent Colleges**
  - **58 Community Colleges**
- **1.4 million K-12 public school students**



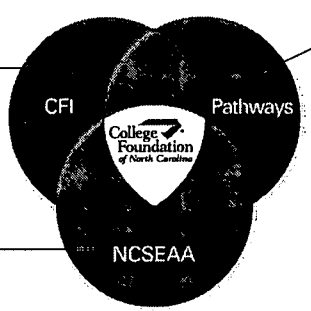
Pathways of North Carolina

The 1999 General Assembly funded the Pathways partnership to include:

NC Department of Public Instruction
NC Community College System
NC Independent Colleges and Universities
The University of North Carolina

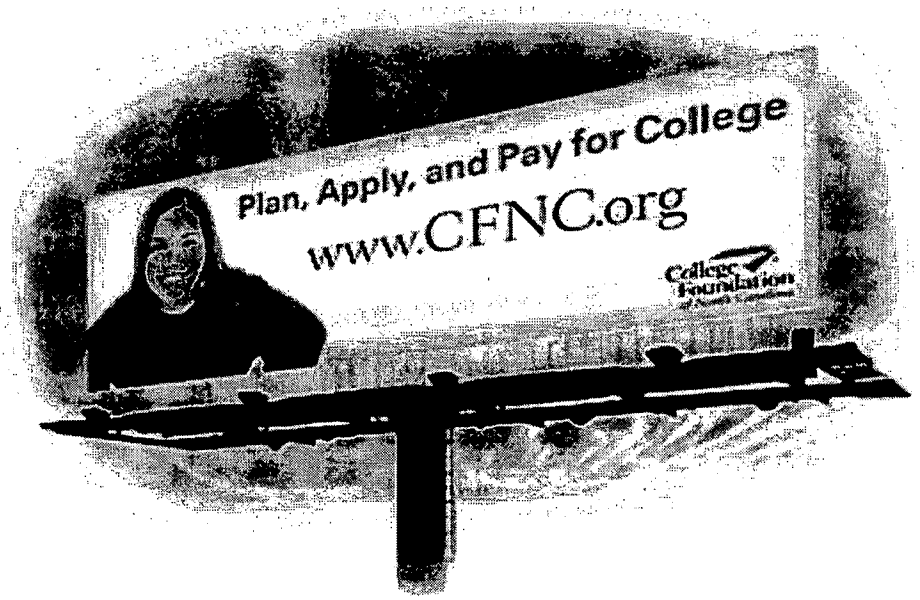
CFNC is the name of a service provided by three NC entities

NC's loan originator - 501(c)3



State-funded K-16 partnership (DPI, NCCCS, UNC, NCICU, SOICC) administered by the UNC Office of the President

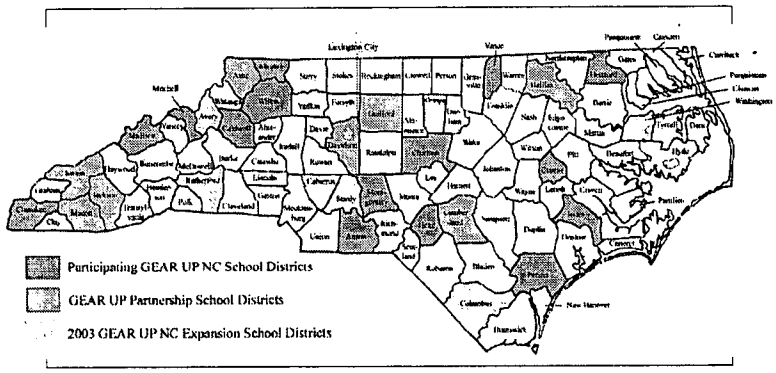
State Guarantor - scholarships, 529 program



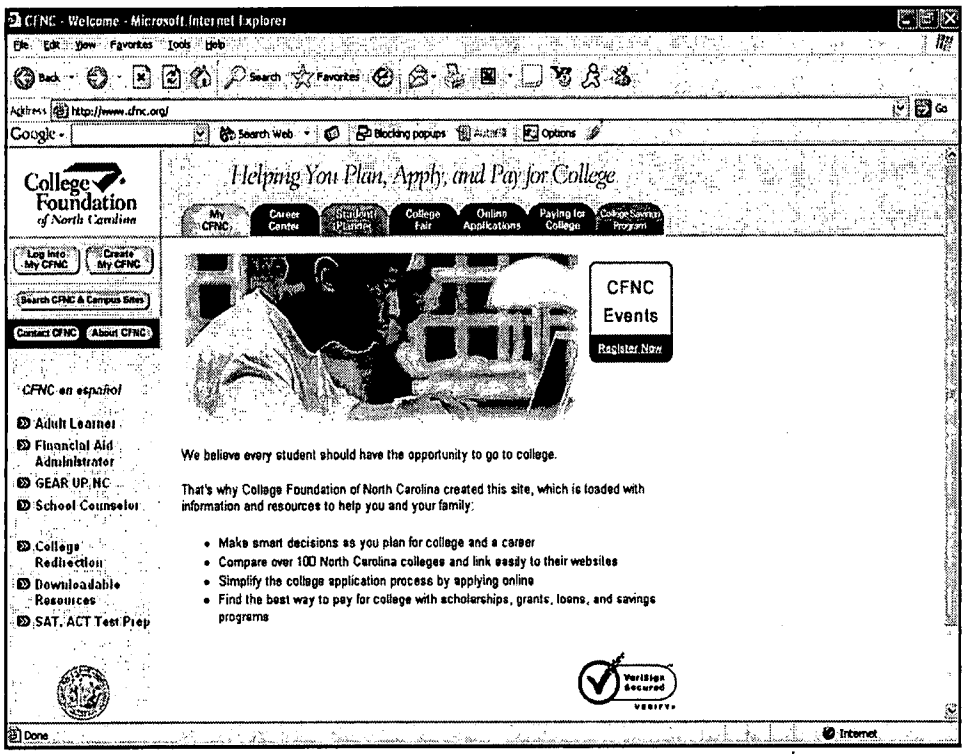
CFNC Access Services

Technology and Internet Services	Resource Center	GEAR UP North Carolina
www.CFNC.org	1.866.866.CFNC	Low-income (FRL) school students
Career Center	Toll-free Telephone Hotline	$8.8 million
Student Planner	Email from CFNC.org	6-year grant from Dept of Education
College Fair	Publications	20 NC counties
Online Applications	Training	8,000+ students
High School Transcripts	Hispanic Services	
Paying for College		
Saving for College		

GEAR UP NC Sites



Alleghany	Cherokee	Jones	Pender
Anson	Columbus	Lexington City	Rutherford
Avery	Greene	Madison	Vance
Caldwell	Hertford	Mitchell	Wilkes
Chatham	Hoke	Montgomery	Washington



College Foundation of North Carolina

Website Usage, July 2001 – February 2005



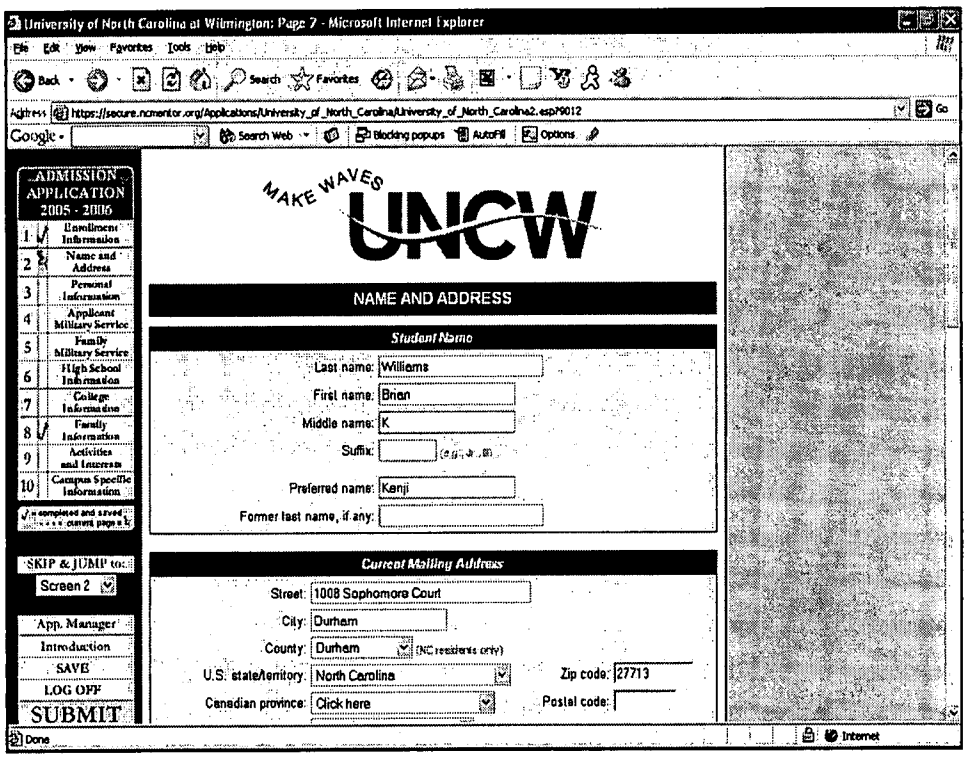
791,618 student accounts

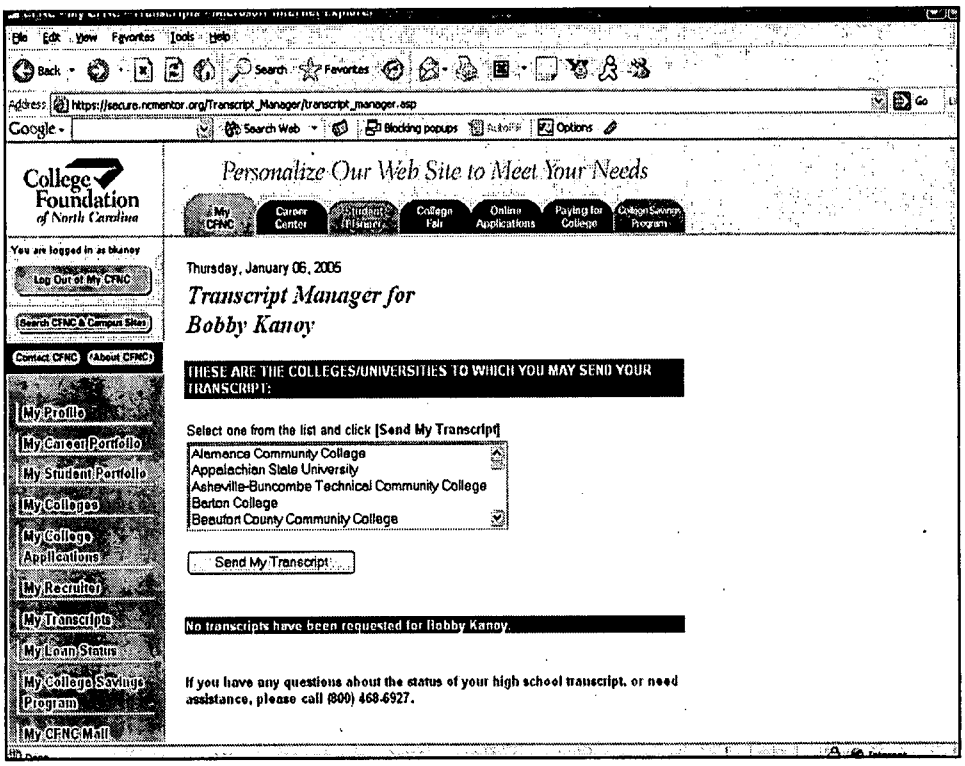
272,828 online applications

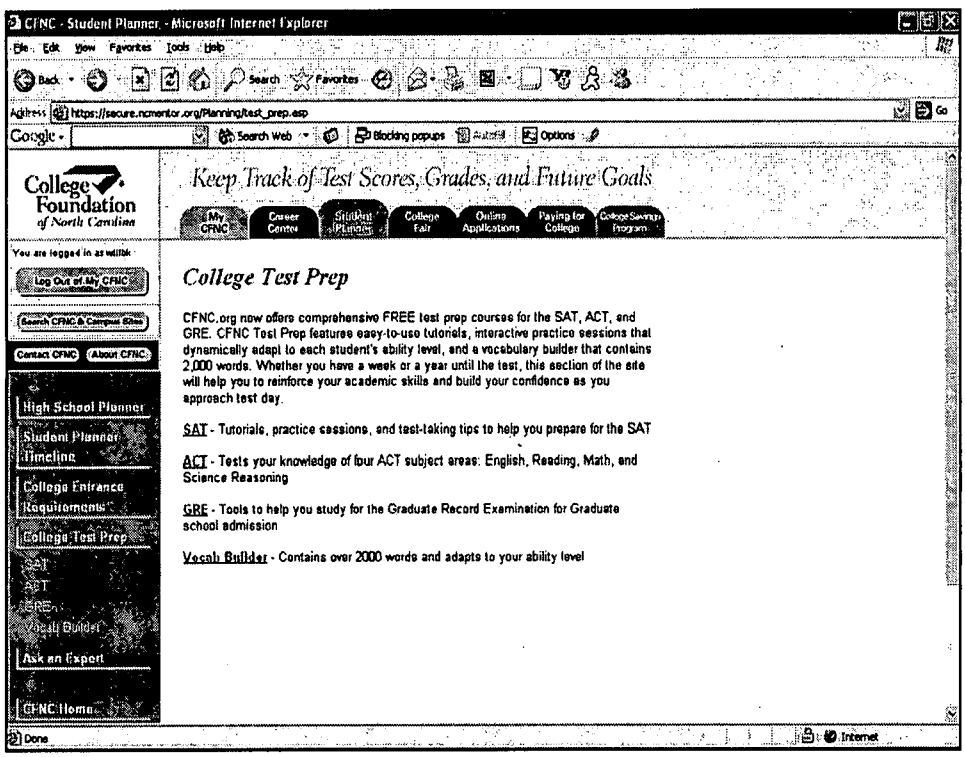
5,500 visitors per day

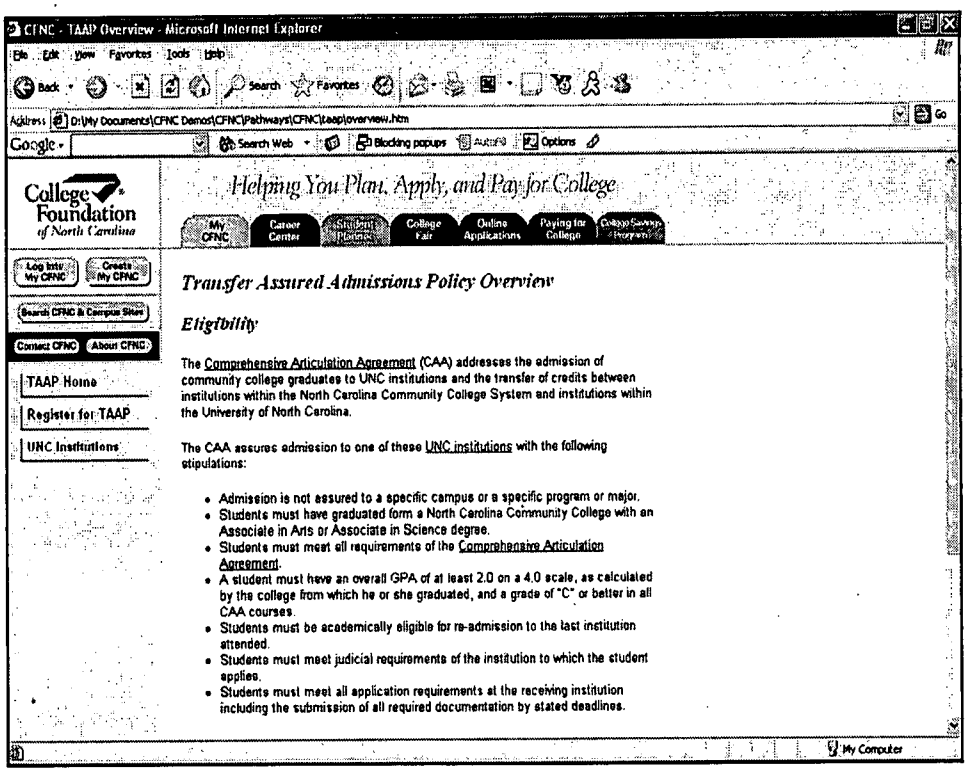
16 minutes average time per visit

www.CFNC.org




College Foundation of North Carolina
Personalize Our Web Site to Meet Your Needs
My CFNC
Career Center
Student Planning
College Fair
Online Applications
Paying for College
College Savings Program
You are logged in as bkanoy
Log Out of My CFNC
Search CFNC & Campus Sites
Contact CFNC
About CFNC
My Profile
My Career Portfolio
My Student Portfolio
My Colleges
My College Applications
My Recruiter
My Transcripts
My Loan Status
My College Savings Program
My CFNC Mail
Thursday, January 06, 2005
Transcript Manager for
Bobby Kanoy
THESE ARE THE COLLEGES/UNIVERSITIES TO WHICH YOU MAY SEND YOUR TRANSCRIPT:
Select one from the list and click [Send My Transcript]
Alamance Community College
Appalachian State University
Asheville-Buncombe Technical Community College
Barton College
Beaufort County Community College
Send My Transcript
No transcripts have been requested for Bobby Kanoy.
If you have any questions about the status of your high school transcript, or need assistance, please call (800) 468-6927.

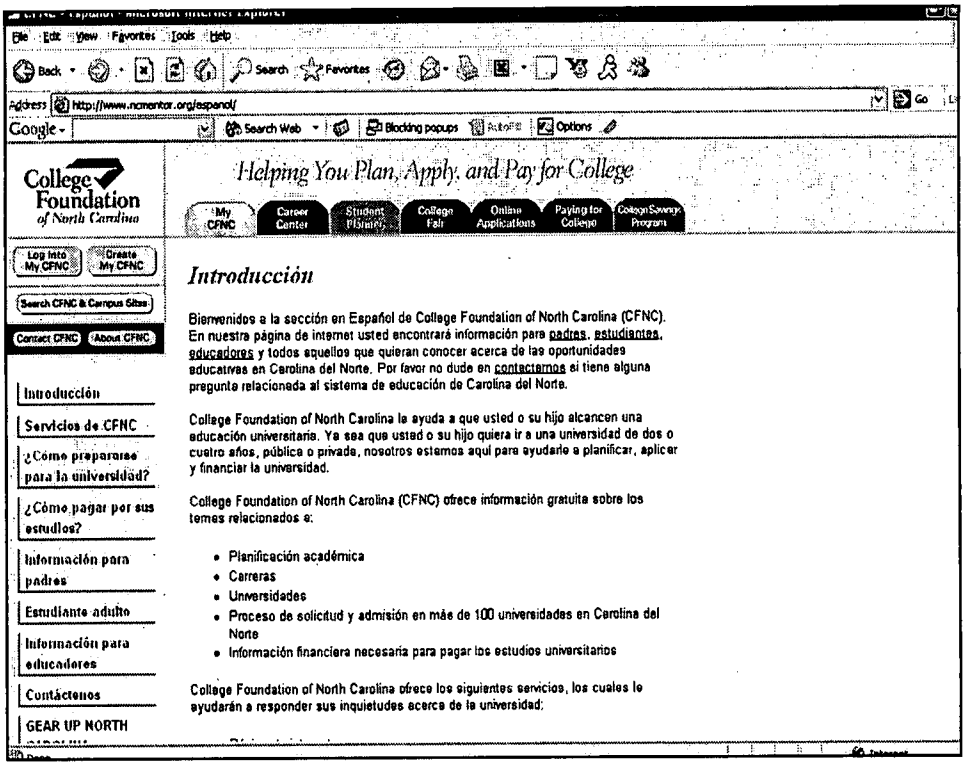

CFNC - Student Planner - Microsoft Internet Explorer
College Foundation of North Carolina
Keep Track of Test Scores, Grades, and Future Goals
My CFNC
Career Center
Student Planning
College Fair
Online Applications
Paying for College
College Savings Program
You are logged in as wilfilk
Log Out of My CFNC
Search CFNC & Campus Sites
Contact CFNC
About CFNC
High School Planner
Student Planner Timeline
College Entrance Requirements
College Test Prep
SAT
ACT
GRE
Vocab Builder
Ask an Expert
CFNC Home
College Test Prep
CFNC.org now offers comprehensive FREE test prep courses for the SAT, ACT, and GRE. CFNC Test Prep features easy-to-use tutorials, interactive practice sessions that dynamically adapt to each student's ability level, and a vocabulary builder that contains 2,000 words. Whether you have a week or a year until the test, this section of the site will help you to reinforce your academic skills and build your confidence as you approach test day.
SAT - Tutorials, practice sessions, and test-taking tips to help you prepare for the SAT
ACT - Tests your knowledge of four ACT subject areas: English, Reading, Math, and Science Reasoning
GRE - Tools to help you study for the Graduate Record Examination for Graduate school admission
Vocab Builder - Contains over 2000 words and adapts to your ability level

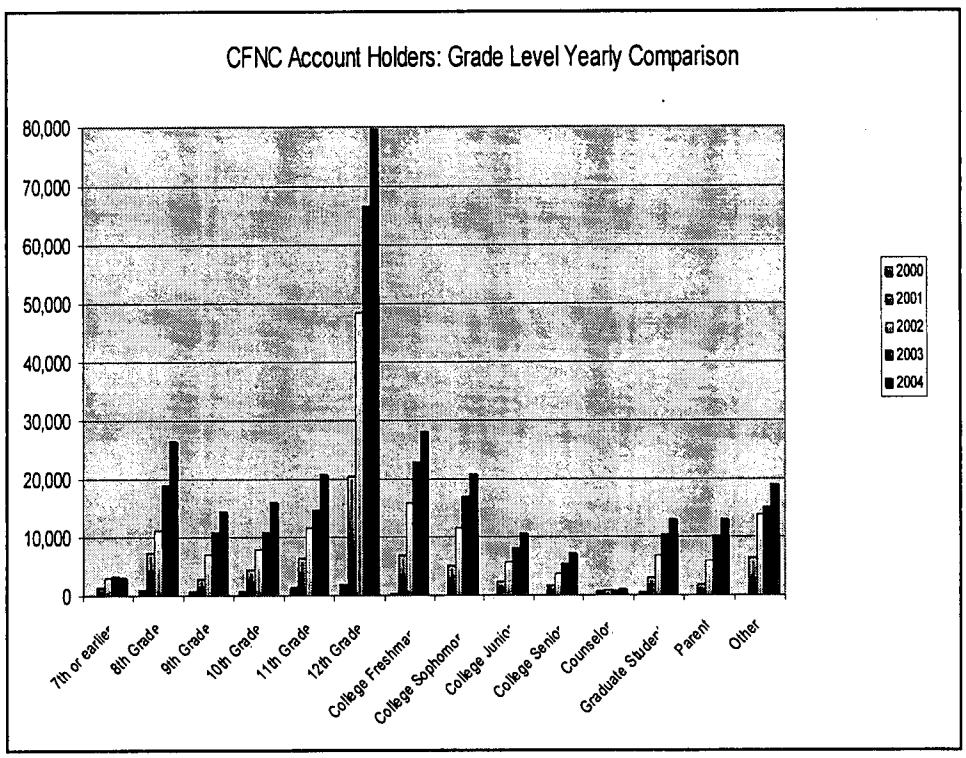


CFNC Career Specific Modules

- **Teacher Education Recruitment**
- **Nursing**




College Foundation of North Carolina
Helping You Plan, Apply, and Pay for College
My CFNC
Career Center
Student Planner
College Fair
Online Applications
Paying for College
College Savings Program
Log Into My CFNC
Create My CFNC
Search CFNC & Campus Sites
Contact CFNC
About CFNC
Introducción
Servicios de CFNC
¿Cómo prepararse para la universidad?
¿Cómo pagar por sus estudios?
Información para padres
Estudiante adulto
Información para educadores
Contáctenos
GEAR UP NORTH
Introducción
Bienvenidos a la sección en Español de College Foundation of North Carolina (CFNC). En nuestra página de internet usted encontrará información para padres, estudiantes, educadores y todos aquellos que quieran conocer acerca de las oportunidades educativas en Carolina del Norte. Por favor no dude en contactarnos si tiene alguna pregunta relacionada al sistema de educación de Carolina del Norte.
College Foundation of North Carolina le ayuda a que usted o su hijo alcancen una educación universitaria. Ya sea que usted o su hijo quiera ir a una universidad de dos o cuatro años, pública o privada, nosotros estamos aquí para ayudarle a planificar, aplicar y financiar la universidad.
College Foundation of North Carolina (CFNC) ofrece información gratuita sobre los temas relacionados a:
Planificación académica
Carreras
Universidades
Proceso de solicitud y admisión en más de 100 universidades en Carolina del Norte
Información financiera necesaria para pagar los estudios universitarios
College Foundation of North Carolina ofrece los siguientes servicios, los cuales le ayudarán a responder sus inquietudes acerca de la universidad:


CFNC Account Holders: Grade Level Yearly Comparison
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
7th or earlier
8th Grade
9th Grade
10th Grade
11th Grade
12th Grade
College Freshmar
College Sophomor
College Junior
College Senior
Counselor
Graduate Studer
Parent
Other
2000
2001
2002
2003
2004

What should we do next?

- Default College Prep/Tech Prep curriculum for all high school students
- College Access Blueprint for every school district

College Foundation of North Carolina



College Foundation of North Carolina

One Place

"To Plan, Apply, and Pay for College"

www.CFNC.org *Helping You Plan, Apply, and Pay for College*

Office of Academic (Access & Outreach) and Student Affairs

Pathways (CFNC) and GEAR UP

Mission

In 1999, the N.C. General Assembly approved and funded a new initiative called Pathways. The Pathways program is designed to increase the number of North Carolina students, particularly low-income and first-generation students that go to college. The program is a joint effort of the State Department of Public Instruction, NC Community College System, the NC Independent Colleges and Universities, and the University of North Carolina. The mission of GEAR UP complements Pathways and as stated by the U.S. Department of Education, is intended to increase the number of low-income children who complete high school and are prepared to be successful in college.

[**Note**: Pathways (or CFNC) and GEAR UP programs are organizationally integrated into the office of academic and student affairs at the UNC Office of the President.]

Pathways (CFNC)
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
State Appropriation					
Recurring (R)	978,169	912,778	863,756	840,037	826,609
Non-Recurring (NR)	-	-	-	-	-
Other Revenue Sources	-	-	-	-	-
*Actual Year-End Expenditures	941,554	899,924	863,754	840,034	826,609
Difference (Cash Balance)	36,615	12,854	2	3	

*Projected figures for FY 2004-05

Notes:
FY 2001-02: Governor implemented spending limitations to address budget shorfall

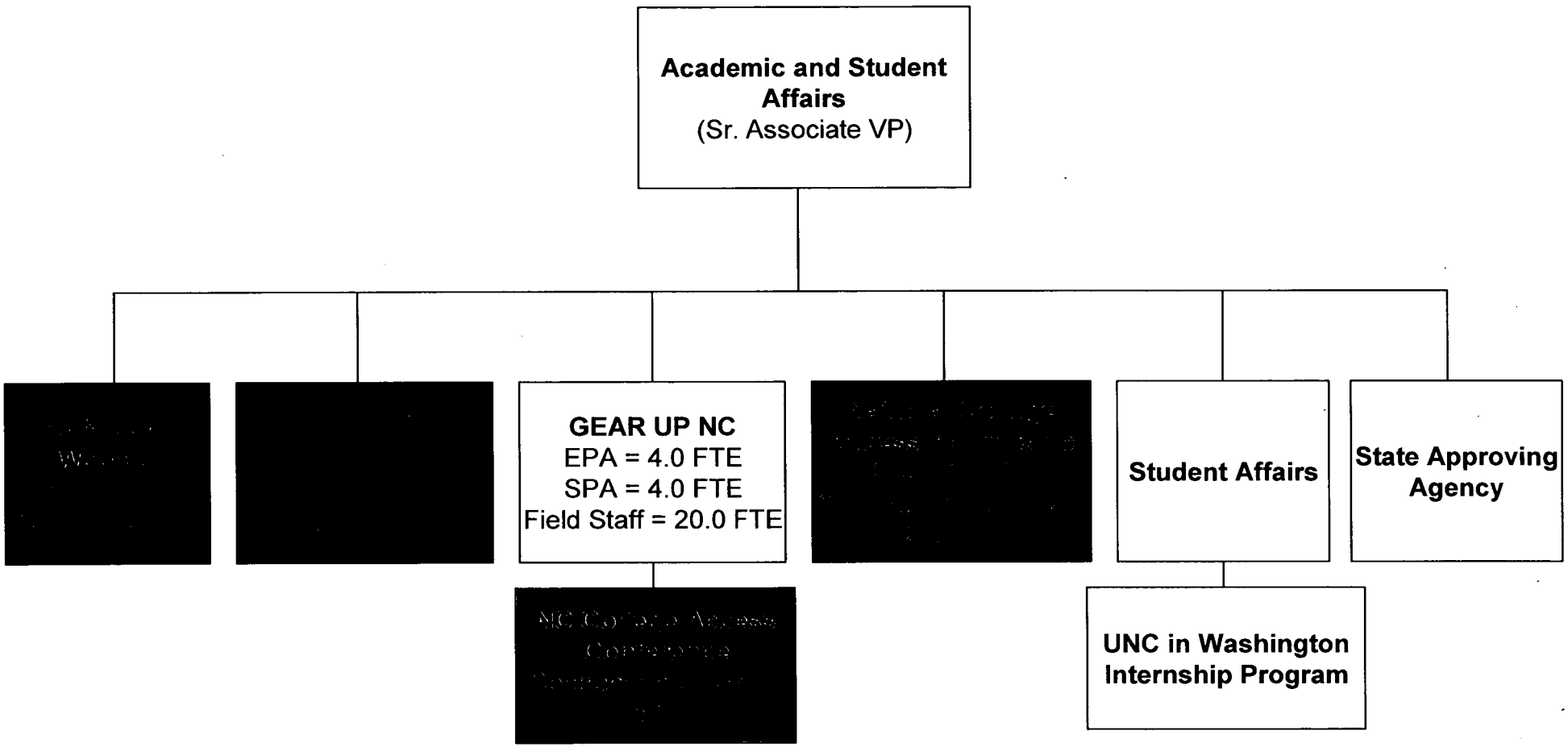
FRS 2-02231 Appropriation

GEAR UP NC
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation	$0	$0	$0	$0	$0
Recurring (R)	$0	$0	$0	$0	$0
Non-Recurring (NR)	$0	$0	$0	$0	$0
Other Revenue Sources	$1,005,357	$1,583,633	$2,462,741	$1,713,341	$1,621,664
Actual Year-End Expenditures	$248,982	$966,713	$1,604,583	$1,824,419	$1,607,369
Difference (Cash Balance)	$756,375	$1,373,295	$2,231,453	$1,120,375	$1,134,670

* Projected figures for FY 2004-05

Academic (Access & Outreach) and Student Affairs



		2004-05 Budget	
	= State Funds	$826,609	(Pathways/CFNC)
Yellow	= Grant Funds (Federal)	$1,609,292	(GEAR UP)
	= Grant Funds (Corporate & Foundation)	$809,000	(Lumina, Xap, CFI)

Program Descriptions

Pathways (CFNC)

In 2000, a partnership opportunity developed between the Pathways program, the North Carolina State Education Assistance Authority (SEAA), and College Foundation, Inc (CFI). The resulting partnership is known as College Foundation of North Carolina program or **CFNC.**

The purpose of **CFNC** is to provide early awareness and access to information and services needed to prepare children in North Carolina for a college education. **CFNC** is composed of several key components including an interactive web-based site (**CFNC.org**), and a toll free hotline (**1-866-866-CFNC**). All 110 colleges in North Carolina participate in **CFNC.** Since 2001, over 750,000 student accounts have been established, more than 275,000 online applications have been submitted through the website as well as electronic (*official*) high school transcripts as each high school in the state converts to NC WISE. Most encouraging is the average number of unique users who log on to the website: 5,500 individuals per day for an average stay of 16 minutes. The largest group of users are 12th grade students followed by 8th grade students indicating that there is an impact on children as they transition from middle school to high school.

GEAR UP NC

The Pathways program was used to leverage an early intervention state grant from the U.S. Department of Education's program, called Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). The initial $7.3M five-year grant requires a dollar for dollar match of non-federal funds.

The **GEAR UP NC** program began with services to 15 school districts across the state focusing on low-income students. To participate, a school district has to have a middle school with at least 50% of the children eligible for the free-and-reduced lunch program. The funds provide support for children from 7th grade through high school to participate in mentoring and tutoring programs, college visits, summer enrichment programs on college campuses, expansion of AP programs, and professional development for teachers. Every child who participates in **GEAR UP NC** also establishes an account on **CFNC** and is guided through the various segments of the website.

The federal grant currently serves approximately 7,000 students. In addition, we were able to secure a private grant two years ago to extend the GEAR UP program to an additional 5 school districts. Currently, we are preparing a new five-year grant proposal with the hope of extending GEAR UP to 15-20 new school districts.

Pathways (CFNC)
Budgeted Expenditures
FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	$318,523	38.53%
2	Benefits	$66,737	8.07%
3	Contractual Personnel Services	$148,450	17.96%
4	Total Personnel Services	$533,710	64.57%
5	Building Rent/Lease	$5,400	0.65%
6	Equipment Rental/Lease	$1,550	0.19%
7	Travel	$29,268	3.54%
8	Telephone/Cellular Phone Service	$25,641	3.10%
9	Misc. Contractual Services	$142,878	17.28%
10	Total Purchased Services	$204,738	24.77%
11	General Office Supplies	$25,498	3.08%
12	R&D / Educational Supplies	$26,000	3.15%
13	Total Supplies	$51,498	6.23%
14	Furniture	$9,658	1.17%
15	Computers	$27,005	3.27%
16	Other	$0	0.00%
17	Total Equipment	$36,663	4.44%
18	Discretionary Grants		
19	Directed Grants		
20	Loans		
21	Other		
22	Total Aid & Public Assistance		0.00%
23	Total Reserves		0.00%
24	Total Other		0.00%
25	Total Budget	$826,609	100.00%

GEAR UP NC

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	$ 341,433	21.22%
2	Benefits	$ 77,242	4.80%
3	Contractual Personnel Services	$ 57,136	3.55%
4	Total Personnel Services	$ 475,811	29.57%
5	Building Rent/Lease		
6	Equipment Rental/Lease	$ 3,111	0.19%
7	Travel	$ 87,441	5.43%
8	Telephone/Cellular Phone Service	$ 20,521	1.28%
9	Misc. Contractual Services	$ 817,152	50.78%
10	Total Purchased Services	$ 928,226	57.68%
11	General Office Supplies	$ 8,124	0.50%
12	R&D / Educational Supplies	$ 7,000	0.43%
13	Total Supplies	$ 15,124	0.94%
14	Furniture	$ 3,800	0.24%
15	Computers	$ 7,713	0.48%
16	Other-	$ -	
17	Total Equipment	$ 11,513	0.72%
18	Discretionary Grants		
19	Directed Grants		
20	Loans		
21	Other - F&A		0.00%
22	Total Aid to Public Assistance		0.00%
23	Total Reserves		0.00%
24	Total Other	178,618	11.10%
25	Total Budget	$ 1,609,292	100.00%

THE UNIVERSITY OF NORTH CAROLINA

K16 EDUCATION PROGRAMS

Index of Requested Program Information

1. UNC Board of Governors' K16 Education Strategic Direction and Mission of the Division of University-School Programs in the UNC Office of the President
2. NC Center for the Advancement of Teaching (NCCAT)
3. NC Principal Fellows Program (PFP)
4. NC Teacher Academy (NCTA)
5. Principals' Executive Program (PEP)
6. World View
7. Legislators' School for Youth Leadership Development
8. LEARN NC
9. Reading Together USA
10. Summer Ventures in Science and Mathematics (SVSM)
11. NC Model Teacher Education Consortium (NCMTEC)
12. NC Mathematics and Science Education Network (NC MSEN)
13. NC TEACH (NC Teachers of Excellence for all Children)

UNC Board of Governors' K-16 Education Strategic Direction: Continue to propose and support initiatives to serve the needs of the State's public schools

Continue efforts to develop outstanding teacher preparation programs that include strong discipline content, pedagogy, clinical training, i.e., integration of Arts and Sciences, accreditation of programs and assessments to ensure high quality teachers, administrators, and other school personnel.

Expand efforts in teacher preparation to increase the supply of well qualified teachers to serve the rapidly growing needs of North Carolina's schools—using traditional approaches, incentives to students, and innovative strategies, such as the 15 University-School Teacher Education Partnerships, NC TEACH, the NC Model Teacher Education Consortium, and the 2+2 agreement with NC community colleges.

Expand our commitment to the development of comprehensive, high quality programs of continuing professional development of K-12 school personnel from their initial induction to retirement.

Strengthen partnerships with K-12 and community colleges in the development of programs, curriculum and instructional materials—including materials that advance the use of information technology—to ensure continuous improvement in the academic achievement of North Carolina's students and to promote student success in higher education.

Support and strengthen both research and public service programs in the 15 colleges/schools/departments of education in the UNC Center for School Leadership Development: Principals' Executive Program, NC Principal Fellows Program, NC Center for the Advancement of Teaching, NC Mathematics and Science Education Network, NC Teacher Academy, NC TEACH, NC Model Teacher Education Consortium, and in the NC Education Research Council.

Mission and Guiding Principle of the Division of University-School Programs in the UNC Office of the President

The mission of the Division of University-School Programs of the UNC Office of the President is to advance public education and high student performance by supporting quality research-based preparation and professional development, educational policy research, and effective application of technology. The guiding principle is to base all actions on research or evidence of effective practice. The Division deals with issues related to recruitment, preparation, professional development, outreach, and research and policy in K-16 education. The Division coordinates the 15 colleges, schools, or departments of education that operate the University-School Teacher Education Partnerships (USTEP), a collaborative effort of universities and public schools in providing teacher preparation designed to restructure and improve both initial preparation and continuing professional development programs, renew and improve public school curriculum, conduct school-based research that improves classroom practice, and share and disseminate best practices throughout the state.

The North Carolina Center for the Advancement of Teaching (NCCAT)

The North Carolina Center for the Advancement of Teaching
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05**
State Appropriation	$4,522,252	$4,040,236	$3,667,531	$3,700,003	$3,818,362
Recurring (R)	$189,523	($419,437)	($113,982)	($113,702)	$91,056
Non-Recurring (NR)	$37,140	$0		($101,857)	($28,209)
Other Revenue Sources***	$54,188	$59,152	$59,667	$51,685	$33,474
Actual Year-End Expenditures	$4,354,651	$3,705,006	$3,660,899	$3,699,992	$3,790,153
Difference (Cash Balance)	$0	$4,964	$335,230	$6,632	$11	$0

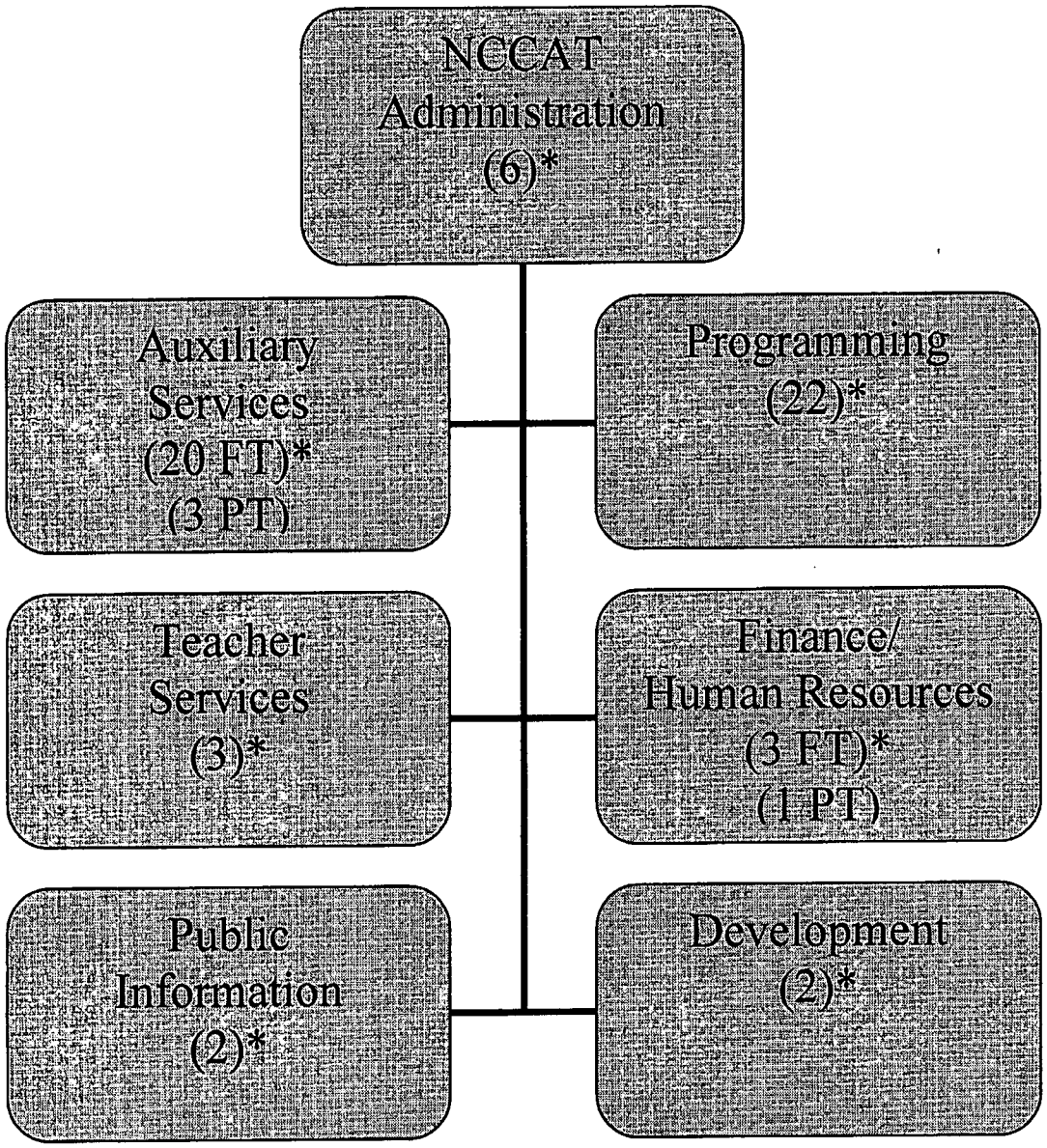
* **NOTE: 2001-2002 Difference shows monies unexpendable due to budget freeze**

** Projected figures for FY 2004-05

*** Nonbudgeted revenue - facilities use reimbursements

The North Carolina Center for the Advancement of Teaching

Organizational Chart Showing Numbers of Employees



** Number includes support staff*

The North Carolina Center for the Advancement of Teaching

The North Carolina Center for the Advancement of Teaching (NCCAT) was established by the state legislature in 1985 with a mission to advance teaching as an art and a profession. The goal of NCCAT is to **attract** and **retain** the caring, highly qualified, and skilled teachers necessary to positively impact the quality of public education in North Carolina. The center's main focus is a year-round series of residential seminars in the arts, humanities, sciences, technology, communication, and health and fitness for pre-kindergarten through twelfth-grade teachers. Support for Initially Licensed Teachers, National Board for Professional Teaching Standards candidates, and teachers conducting research is available also. The NCCAT model is firmly grounded in adult learning and adult development theory and is based on research about what works for teachers. A strong intellectual thrust has always driven the NCCAT seminar model design process with the understanding that teachers who experience the joy of inquiry-based learning transfer that inspiration to their students. All seminars incorporate the North Carolina Standard Course of Study and presenters model best practices for application to the classroom.

NCCAT is guided by Executive Director, Mary McDuffie, and assisted by qualified professional and support staff. Programming is planned and conducted by Center Fellows, most of whom hold terminal degrees. NCCAT has many partnerships with school systems and educational agencies within the state. Collaboration allows the Center to have greater impact on the education community.

NCCAT prides itself **in retaining highly qualified teachers** during a time when the state and nation are having great difficulty in keeping good teachers in the classroom. A recent analysis of teachers who attended an NCCAT seminar from July 1, 2000–June 30, 2003 revealed that 96% remain in education in North Carolina's public schools. This compares to 88% for North Carolina and 84% nationally. Statistics for the 2001-2004 year are being compiled and will be released soon.

Also, NCCAT has been extremely successful in contributing to the **retention of Initially Licensed Teachers**. From 2000–2003, 95% of the initially licensed teachers who have participated in an NCCAT beginning teachers program remained in teaching in a North Carolina public school–as compared to 67% nationally. Thus, the attrition rate for beginning teachers who participated in an NCCAT beginning teachers program is 5%. Many of the remaining 5% have relocated to another state and are teaching there. This is remarkable when compared to the national rates: 33% leave teaching within the first 3 years and 46% leave teaching in the first 5 years. This is even more remarkable considering that most of the teachers attending NCCAT's beginning teacher programs were from low-wealth districts and/or were lateral entry teachers.

Research shows that students who are taught by highly qualified teachers score higher on end-of-grade tests. National research also indicates that it costs a school system an average of $8,000 to put a new teacher in the classroom. It is estimated that in North Carolina, the cost is approximately $11,500 for recruiting, hiring, orienting, and providing professional development for each replacement. Additionally, it costs the State of North Carolina an average of $9,700/year/person for a college education in a state university. Thus an average 4-year degree in teaching costs the State of North Carolina $38,800. When one combines the costs of educating a

new teacher and placing that teacher in a classroom, each teacher retained provides a potential savings to the State of between $46,800 and $50,300.

In 2003–2004, NCCAT served nearly 5,100 North Carolina teachers, impacting approximately 382,500 North Carolina public school children from pre-K–12th grade each year. In five years, those same teachers will have impacted approximately 1,912,500 children. Since its inception in 1985, NCCAT has served over 67,000 teachers.

NCCAT is the prototype for broad-based integrated humanities and science adult education in renewal seminar format. Agencies in 23 states and several foreign countries have contacted or visited NCCAT to study the operation and learn about the renewal seminar model. NCCAT was featured in the *Education Life* supplement article "Giving Teachers Balm for Burnout," in the New York Times on January 7, 2001 and in the *National Public Radio* story, "Helping teachers regain a passion for their profession" on *All Things Considered* on November 15, 2002.

At a time when North Carolina and the United States struggle to retain beginning and seasoned professionals in the classroom, NCCAT is successfully retaining both beginning and career teachers who attend its programs. If more state resources were available to NCCAT and state professionals encouraged attendance in an NCCAT program, the State's retention of teachers would be positively impacted.

The North Carolina Center for The Advancement of Teaching

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	NCCAT Salaries	2,178,329	
2	NCCAT Benefits	503,280	
3	Contractual Services-Substitutes	237,514	
4	Contracted Services-Presenters	156,260	
5	Total Personnel Services	$3,075,383	80.54%
6	Room Rentals-Seminars/Meetings	25,892	
7	Travel-Seminars/Staff	127,512	
8	Housekeeping/Dining Contracts	54,483	
9	Utilities	92,359	
10	Telephone/Cellular	25,298	
11	Miscellaneous Contractual	39,316	
12	Other Current Services	174,838	
13	Insurance & Other Fixed Expenses	35,154	
14	Total Purchased Services	574,852	15.06%
15	Educational Supplies & Equipment	76,218	
16	Food Products-Dining Services	79,534	
17	General Office Supplies	14,588	
18	Auxiliary Services Supplies	12,591	
19	Total Supplies	182,931	4.79%
20	Furniture	0	
21	Computers	7,966	
22	Other (Office/Auxiliary)	10,704	
23	Total Equipment	18,670	0.49%
24	Discretionary Grants		
25	Directed Grants		
26	Loans		
27	Other		
28	Total Aid & Public Assistance		0.00%
29	Total Reserves		0.00%
30	Total Other-Revenue Offset	(33,474)	0.88%
31	Total Budget	3,818,362	100.00%

The North Carolina Principal Fellows Program (PFP)

Name of Organization/Program: Principal Fellows Program
Funding History

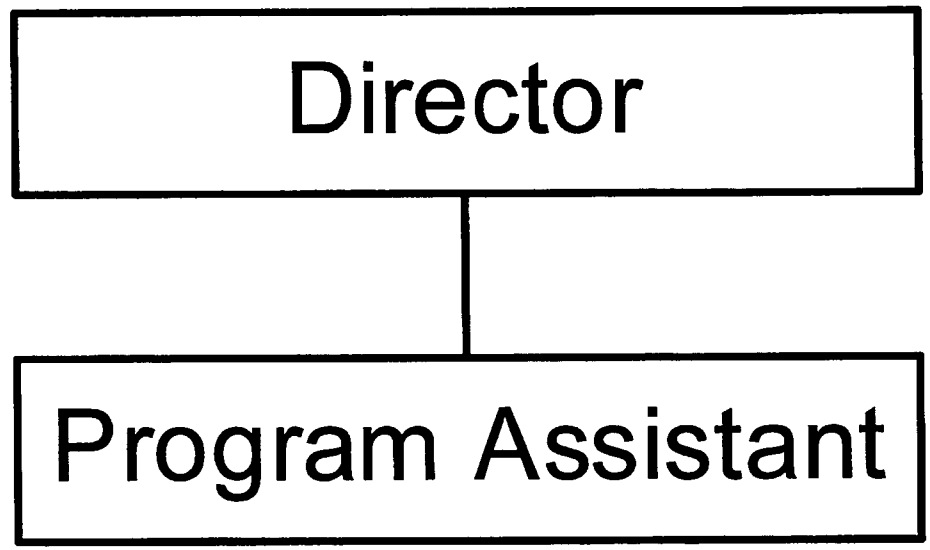
State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
State Appropriation					
Recurring (R)	154,068	131,874	123,625	121,015	124,394
Non-Recurring (NR)				-	-
Other Revenue Sources	-	-	3,600	3,000	2,475
*Actual Year-End Expenditures	146,893	131,874	122,200	122,901	126,869
Balance Forward					

*Projected figures for FY 2004-05

Notes:
FY 2002-03: Governor implemented spending limitations to address budget shortfall

FRS 2-02226 Appropriation
FRS 2-02227 Application Receipts

NC Principal Fellows Program



North Carolina Principal Fellows Program
Program Description
March 28, 2005

Origin of the Principal Fellows Program

Legislation creating the North Carolina Principal Fellows Program was enacted by the North Carolina General Assembly in 1993. The purpose of the Program is to attract outstanding full-time students to two-year Masters in School Administration (MSA) programs, thereby increasing the number and enhancing the quality of licensed school administrators available to serve in the public schools of North Carolina. The first class of Principal Fellows began their studies in 1994-95 and graduated in the spring of 1996.

The Program provides each recipient an annual scholarship/loan of $20,000 for two years of full-time study, for a total of $40,000. The first year of study is dedicated to academic coursework at one of eleven universities in the UNC system. The second year is spent in a supervised full-time administrative internship in a public school in North Carolina. In return, each participating Principal Fellow agrees to repay the scholarship/loan with four years of service as a principal or assistant principal in a North Carolina public school within six years following graduation from the Program.

The enabling legislation authorizes a maximum of 200 Principal Fellows in a given year, depending upon the state's needs for school administrator candidates and funds appropriated for the scholarship loans. The General Assembly's 2003-05 budget contains an appropriation for 181 scholarship/loans each year of the biennium.

Purpose and Key Elements of the Principal Fellows Program

The overall purpose of the Principal Fellows Program is to attract outstanding full-time students to two-years Masters in School Administration programs. The enabling legislation also requires that the Program adopt "stringent standards" to "ensure that only the best potential students receive scholarship loans". Another purpose of the program is to "encourage women and minorities and others who may not otherwise consider a career in school administration to apply for the Principal Fellows Program."

There is agreement between the Legislature and the eleven MSA programs that enroll Principal Fellows that the essential elements of the program are (1) outstanding students, (2) a year of full-time academic study, (3) a year of full-time supervised administrative internship, and (4) enhanced extracurricular activities for the Fellows. The full-time nature of the Program is a key to its past and future successes.

Productivity of the Principal Fellows Program

In the first full ten full years of the Program, there were 1,403 applications filed for a scholarship/loan. From those applications, 803 scholarship/loans were awarded to ten classes of Principal Fellows. The 803 Principal Fellows in Classes 1-10 included 71%

females and 23% minorities. The Program is meeting its charge to attract women and minorities to public school administration.

Classes 1-8 have been through the full two years of the Program. Of the 625 members of Classes 1-8, 613 completed the Program. This is a completion rate of 98%. Following graduation, 98% of these Program graduates secured employment as a principal or assistant principal within two years of completing the Program. In North Carolina, 12% of current principals and assistant principals are graduates of the Principal Fellows Program. The Program is producing significant numbers of school administrators who are highly employable.

At the close of the 2003-04 school year, there were 324 full-time students enrolled in MSA programs at the eleven campuses in the Program. Of these, 177 (55%) were the Principal Fellows in Classes 9 and 10. In the four years from 1999 through 2003, 1,299 students graduated from MSA programs in North Carolina. Of that number, 352 (27%) were Principal Fellows. The Program has a significant positive impact on the enrollment in MSA programs, and is the primary source of full-time MSA students.

Additional Information

For additional information, or answers to questions, you may contact the North Carolina Principal Fellows Commission through the Director of the Principal Fellows Program, who also serves as Chairman of the Principal Fellows Commission, as follows:

Dr. Michael F. Williams, Director
N. C. Principal Fellows Program
North Carolina Center for School Leadership Development
P. O. Box 4440
Chapel Hill, North Carolina 27515-4440

Phone – 919-962-4575, FAX – 919-962-4328, email – mwilliams@northcarolina.edu

Principal Fellows Program
Budgeted Expenditures
FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1&2	Salaries & Benefits	$109,940	
3	Contractual Personnel Services	$900	
4	Total Personnel Services	$110,840	89.10%
5	Building Rent/Lease		
6	Equipment Rental/Lease		
7	Travel	$1,650	
8	Telephone/Cellular Phone Service	$1,635	
9	Postage, Printing, Other	$8,269	
10	Total Purchased Services	$11,554	9.29%
11	General Office Supplies	$2,000	
12	R&D / Educational Supplies		
13	Total Supplies	$2,000	1.61%
14	Furniture		
15	Computers		
16	Other		
17	Total Equipment	$0	0.00%
18	Discretionary Grants		
19	Directed Grants		
20	Loans		
21	Other		
22	Total Aid & Public Assistance	$0	0.00%
23	Total Reserves		0.00%
24	Total Other		0.00%
25	Total Budget	$124,394	100.00%

The North Carolina Teacher Academy (NCTA)

Name of Organization/Program: NC Teacher Academy
Funding History

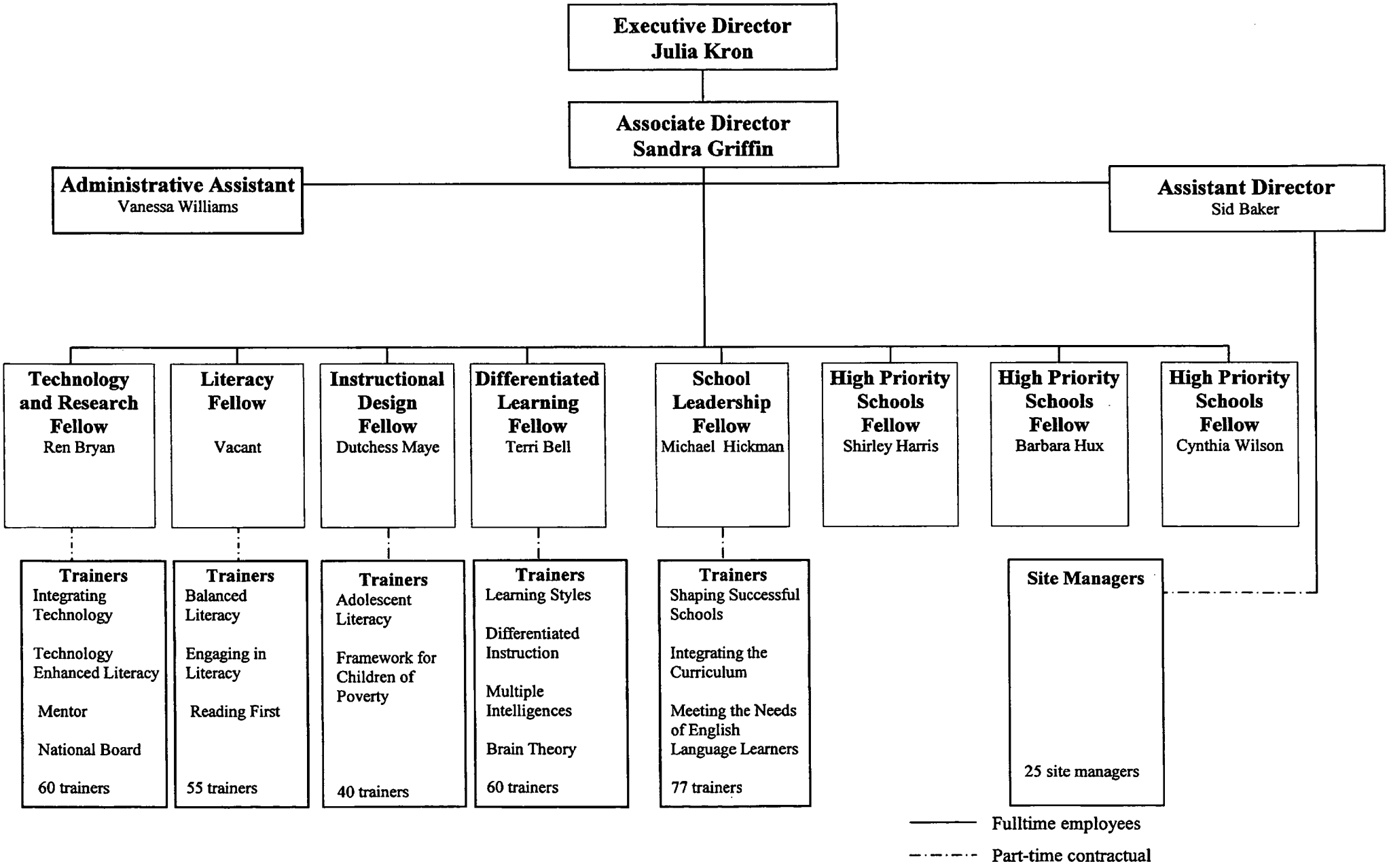
State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
State Appropriation					
Recurring (R)	4,600,422	3,687,498	3,488,958	3,389,123	5,361,293
Non-Recurring (NR)	-	-	-	-	-
Other Revenue Sources	-	-	-	-	-
*Actual Year-End Expenditures	4,600,419	3,687,495	3,488,955	3,389,120	5,361,293
Difference (Cash Balance)					

*Projected figures for FY 2004-05

Notes:

FRS 2-02210 Appropriation

North Carolina Teacher Academy Organizational Chart
2004 Proposed Revisions



The North Carolina Teacher Academy

The North Carolina Teacher Academy is a professional development program for teachers established and funded by the North Carolina General Assembly. The mission of the Academy is to recognize the importance of continuous learning to the growth of a career teacher by providing quality professional development in the areas of school leadership, instruction, core content, and the use of modern technology. From its opening session in July of 1994 through the fiscal year ending June 30, 2004 the Academy has trained 29,369 teachers and principals, representing 1750 schools (80%) from all 100 counties (116 of 117 LEAs) in our state. At the end of July 2004, the total number of participants in summer academies had reached 30,417 teachers and principals.

During the 2003-2004 fiscal year, 224 Teacher Academy trainers provided instruction in the following program areas:

Differentiated Instruction

- Cooperative Learning: A Researched Best Practice to Maximize Student Learning in Core Content Areas
- Multiple Intelligences: Teaching and Learning Strategies That Allow All Students to Reach Their Fullest Potential
- Mindful Instruction: Using Current Brain Research to Redesign Classroom Instruction
- The Student Centered Classroom: Using Learning Styles to Improve Student Achievement Across the Curriculum

Diversity

- Raising Secondary ELL Student Achievement in Literacy and Core Content Areas
- Raising Elementary ELL Student Achievement in Literacy and Across the Curriculum
- Framework for Understanding Poverty

Instructional Technology

- The Wired Classroom: Integrating Technology and Content
- Web Connections: Developing Internet-rich Instruction for Your Classroom

Literacy

- Reading First: Critical Components for K-2
- Literacy Strategies to Increase Student Achievement
- Engaging Students in Literacy Learning
- Content Area Reading for Middle and Secondary Schools

School Improvement and Change

- Shaping Successful Schools: A Continuous Improvement Model
- Making the Connections: Integrating the Curriculum
- Using Data for Student Achievement

2003-2004 Fiscal Year

The Academy held 45 sessions and worked with a total of 2936 teachers representing 360 schools during the 2003-2004 fiscal year. The residential sessions were held at four college sites across the state: Chowan College, Elon University, Lenoir-Rhyne College, and Western Carolina University. For the third year, LEA/NCTA partnership academies were held locally in schools and professional development centers.

Teacher Academy
Budgeted Expenditures
FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1&2	Salaries & Benefits	$1,795,832	
3	Contractual Personnel Services	$197,343	
4	Total Personnel Services	$1,993,175	37.18%
5	Building Rent/Lease	$63,122	
6	Equipment Rental/Lease	$25,239	
7	Travel	$34,977	
8	Telephone/Cellular Phone Service	$8,800	
9	Postage, Printing, Other	$87,525	
10	Total Purchased Services	$219,663	4.10%
11	General Office Supplies	$13,023	
12	R&D / Educational Supplies	$47,044	
13	Total Supplies	$60,067	1.12%
14	Furniture		
15	Computers	$23,034	
16	Other	$1,301	
17	Total Equipment	$24,335	0.45%
18	Discretionary Grants		
19	Participant Stipends, Travel, Other	$3,087,159	
20	Loans		
21	Other		
22	Total Aid & Public Assistance	$3,087,159	57.58%
23	Total Reserves		0.00%
24	Total Other		0.00%
25	Total Budget	$5,361,293	100.00%

The North Carolina Principals' Executive Program (PEP)

Name of Organization/Program: Principal's Executive Program
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
State Appropriation					
Recurring (R)	1,774,281	1,487,566	1,421,031	1,380,259	1,379,117
Non-Recurring (NR)				-	-
Other Revenue Sources	222,358	176,360	164,294	189,902	-
*Actual Year-End Expenditures	1,996,201	1,636,372	1,572,147	1,570,157	1,379,117
Difference (cash balance)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Projected figures for FY 2004-05

Notes:
FY 2001-02: Governor implemented spending limitations to address budget shortfall
FY 2002-03: Governor implemented spending limitations to address budget shortfall

FRS 2-02246 Appropriation
FRS 2-02247 ELNC Receipts
FRS 2-02248 Reg Fee Receipts

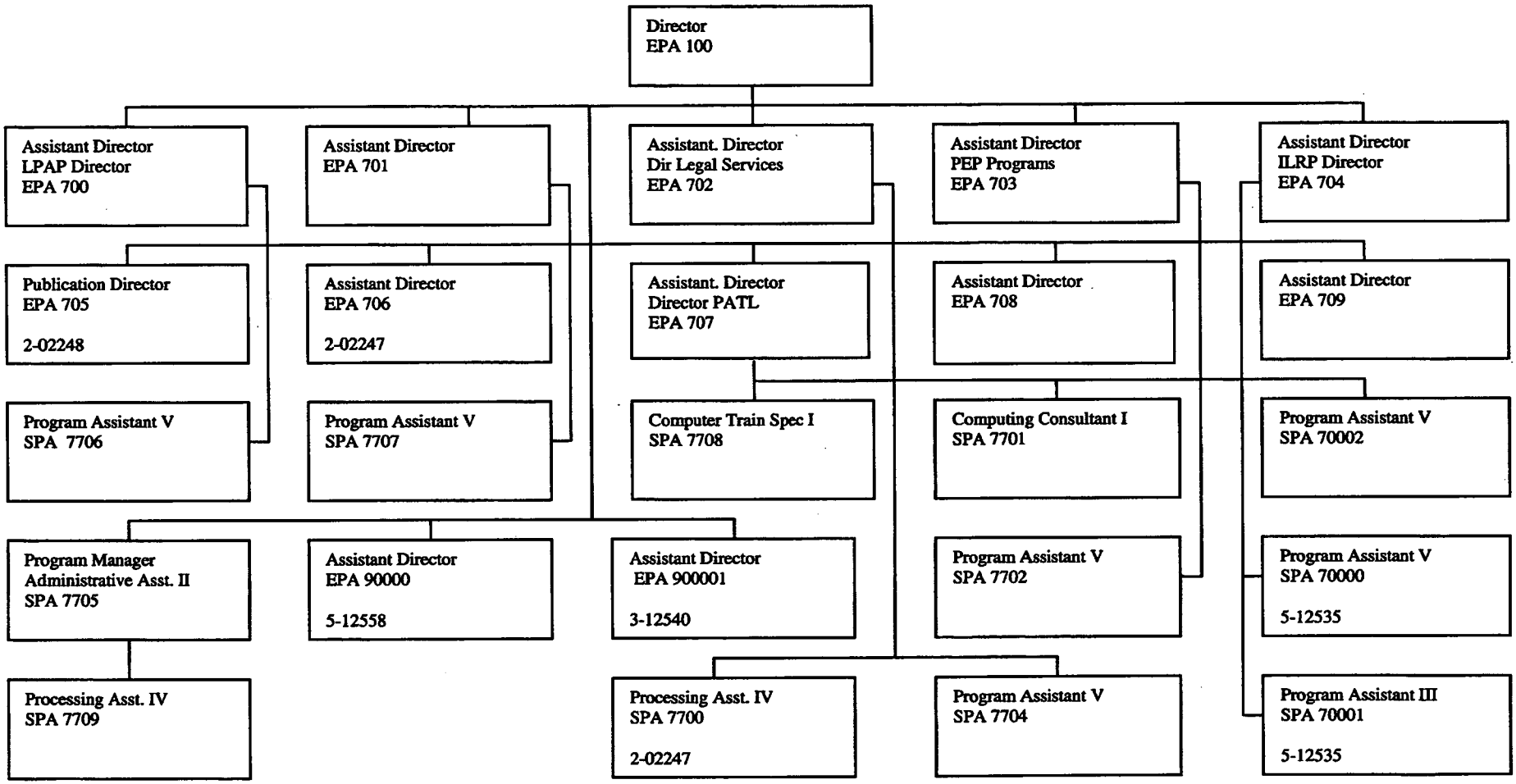
Principals' Executive Program
Other Funding History

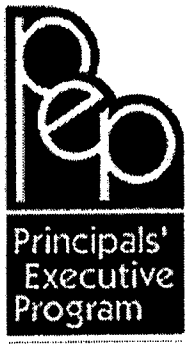
Other Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
Contracts / Grants / Other Funding	$1,599,988	$1,757,349	$1,872,132	$523,038	$607,504
Actual Year-End Expenditures	$645,430	$1,366,021	$969,419	$964,380	$1,406,988
Difference (Cash Balance)	$1,004,489	$1,395,817	$2,303,971	$1,862,629	$1,063,145

* Projected figures for FY 2004-05

* Includes ZSR, Kenan Ciera, and Gates grants, DPI contracts, Turning Points, and gifts funds.

Principals' Executive Program
ORG CHART 3/1/05





PROGRAM DESCRIPTION

The Principals' Executive Program (PEP), created in 1984 by the N.C. General Assembly on the principle that no organization – school, business, or military unit – is better than its leadership, is North Carolina's premier provider of professional development for public school administrators. PEP's alumni, 5,500 strong, can be found in leadership positions in all of North Carolina's 115 school systems.

Our programs, which align with the Strategic Priorities of the State Board of Education, the standards adopted by the North Carolina Standards Board for Public School Administration, and the Interstate School Leaders Licensure Consortium, promote prudent, efficient, and effective school leadership.

Originally created to serve public school principals exclusively, PEP today also serves assistant principals, central office executives, and charter school administrators with a variety of professional learning opportunities ranging from one-day workshops to seminars that cover a school year on subjects including school law, time management, instructional leadership, special education, teacher recruitment and retention, budgeting/finance, and data-driven decision making .

All of PEP's core programs are residential—that is, participants leave their schools to meet primarily in Chapel Hill at the Center for School Leadership Development—for consecutive days of instruction. In most cases, all expenses are paid by PEP. Instructors include top quality educators as well as leaders from other fields, such as business and law.

The first and longest-running program of its kind in the U.S., PEP is both a model for similar programs in other states and an example of how rigorous training in modern management and leadership techniques can improve teaching and learning in America's public schools.

MISSION STATEMENT

The mission of the Principals' Executive Program is to strengthen and renew the knowledge, skills, and beliefs of public school leaders so that they might help improve the conditions for teaching and learning in schools and school districts.

2005-06 RESIDENTIAL PROGRAMS

- Leadership Program for New Principals (LPNP)
- Leadership Program for Assistant Principals (LPAP)
- Instructional Leadership for Reform Program (ILRP)
- School Administrators As Instructional Leaders (SAIL)
- Leadership Program for Experienced Principals (LPXP)
- Leadership Program for Future Superintendents (LPFS)

2005-06 CONFERENCES, SEMINARS, and WORKSHOPS

- Statewide Leadership Conference for School Administrators (co-sponsored by NC DPI)
- Data-Driven Decision Making
- Finance/Business
- Teacher Recruiting and Retention
- Special Education
- Developing Future Leaders (train the trainer model)
- School Law Academy
- Fall School Law Update

PUBLICATIONS

- *Education Law in North Carolina* (a regularly updated, online legal reference resource for school administrators, libraries, university instructors, and private attorneys)
- *Leadership* and *Leadership Achievers* (newsletters)

Principals' Executive Program
Budgeted Expenditures
FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1&2	Salaries & Benefits	$1,112,707	
3	Contractual Personnel Services	$37,667	
4	Total Personnel Services	$1,150,374	83.41%
5	Building Rent/Lease		
6	Equipment Rental/Lease	$5,450	
7	Travel	$60,000	
8	Telephone/Cellular Phone Service	$14,885	
9	Conf. Space Rental / Other	$97,587	
10	Total Purchased Services	$177,922	12.90%
11	General Office Supplies	$14,416	
12	R&D / Educational Supplies	$31,598	
13	Total Supplies	$46,014	3.34%
14	Furniture	$1,597	
15	Computers	$3,210	
16	Other		
17	Total Equipment	$4,807	0.35%
18	Discretionary Grants		
19	Directed Grants		
20	Loans		
21	Other		
22	Total Aid & Public Assistance	$0	0.00%
23	Total Reserves		0.00%
24	Total Other		0.00%
25	Total Budget	$1,379,117	100.00%

WorldView

World View at UNC-Chapel Hill
Funding History

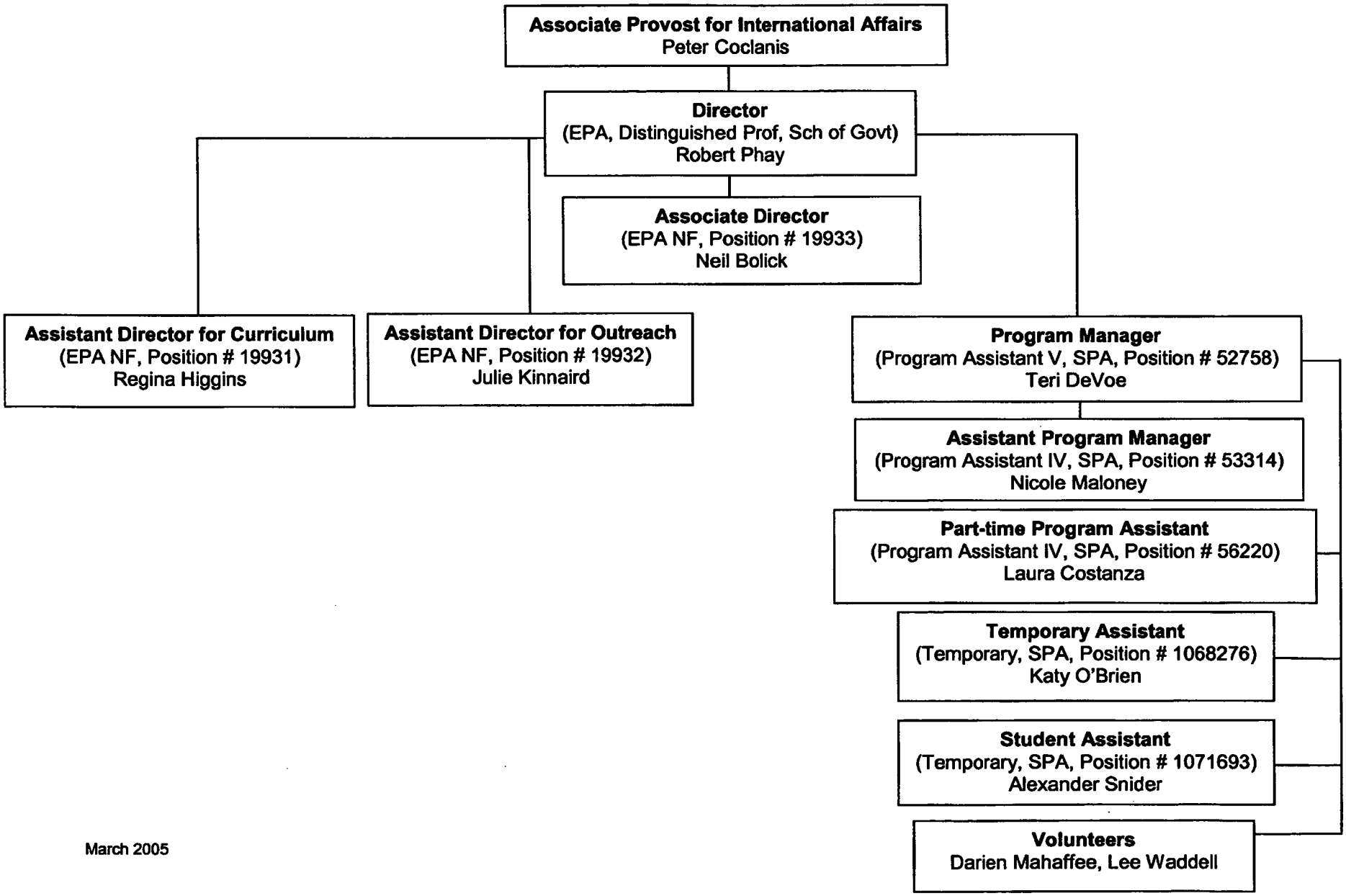
State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation	$200,019	$201,462		$293,851	$297,604
Recurring (R)	$200,019	$201,462		$293,851	$297,604
Non-Recurring (NR)					
Other Revenue Sources	$175,072	$217,247	$264,872	$341,445	$383,297
Actual Year-End Expenditures	$270,156	$259,411	$210,286	$334,224	$458,511
Difference (Cash Balance)	$104,935	$159,298	$54,586	$301,072	$222,390**

*Projected figures for FY 2004-05

** Does not include **$31,531 carry forward** of unspent funding from first year of renewed state appropriation

WORLD VIEW
University of North Carolina at Chapel Hill

ORGANIZATION CHART on 3/28/2005



March 2005

WORLDVIEW

University of North Carolina at Chapel Hill

ORGANIZATION CHART of MAIN PROGRAM AREAS

July 2004 → June 2005

Partners' Workshop, August
"Global Citizenship," in Charlotte

*Program Director: **Assoc. Dir. (Bolick)***
Additional employees involved: 5

Fall Symposium, October
"Global Education: Infusing Global Themes into Every Classroom"

*Program Director: **Outreach Dir. (Kinnaird)***
Additional employees involved: 6

1st Spring Seminar, March
"Hispanics/Latinos in the Carolinas"

*Program Director: **Assoc. Dir. (Bolick)***
Additional employees involved: 5

2nd Spring Seminar, March
"Europe and the European Union: Today and Tomorrow"

*Program Director: **Curric. Dir. (Higgins)***
Additional employees involved: 5

Community College Librarians' Workshop, April

*Program Director: **Assoc. Dir. (Bolick)***
Additional employees involved: 2

Study Visit to Spain, June

*Program Director: **Curric. Dir. (Higgins)***
Additional employees involved: 2

Global Education Leaders' Program, June

*Program Director: **Director (Phay)***
Additional employees involved: 5

Ongoing Program Areas:

Outreach
Outreach Director (Kinnaird)
Additional employees involved: 6

Curriculum Development
Curriculum Director (Higgins)

Publications
Prog. Mgr. (DeVoe), Outreach Dir. (Kinnaird), Assoc. Director (Bolick)

Webpage (*www.unc.edu/world*)
Asst. Prog. Mgr. (Maloney)

World View

An International Program for Educators
The University of North Carolina at Chapel Hill

World View, an International Program for Educators at the University of North Carolina at Chapel Hill, was established in 1998 to help K-12 and community college educators anticipate and respond to the challenges of an increasingly interconnected world. It collaborates with other international programs at UNC-Chapel Hill, NC State University, NC Central University, private universities, and global businesses to sponsor professional development programs and provide valuable tools and resources to K-12 schools and community colleges.

Mission

Help schools and colleges prepare students to succeed in an interconnected world in which the rules have changed for everyone.

Accomplish mission by helping educators:

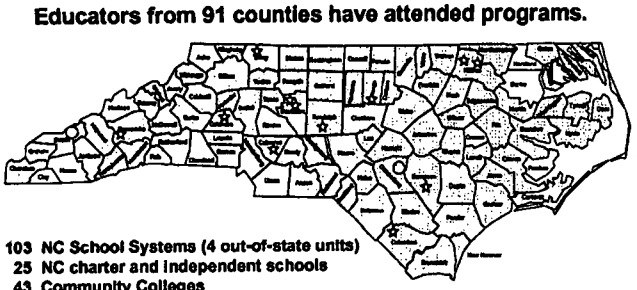
- Integrate a global perspective into every subject area of the curriculum and at every grade level.
- Respond to rapid ethnic and cultural change from immigrant students and improve ESL programs.
- Promote foreign language training and international travel.

Programs and Services for Educators

- Annual Fall Symposium
- Annual Spring Seminar on *Hispanics/Latinos in the Carolinas*
- Annual Spring Seminar on a specific region of the world
- Annual Study Abroad Visit (paid by participants)
- Week-long Residential Leadership Program in Global Education
- Global Education Partners' Workshop (annual summer program at a school site)
- Monthly electronic *Global Update* highlighting lesson plans, resources, book reviews, etc.
- Bi-annual newsletter, *ThinkGlobal*
- Website with World View program information, online registration, and global links
- School visits and workshops
- International programs at UNC institutions and Duke University are connected to schools and colleges

Participants in World View Programs (1998-2004)

Educators from 91 counties have attended programs.



103 NC School Systems (4 out-of-state units)
25 NC charter and independent schools
43 Community Colleges
☆ = city school unit
○ = federal school unit

Program Participation. Over 4,900 educators from 107 school systems and 43 community colleges have attended programs during the last six years.

World View Partnerships. World View provides focused services and information to 29 school system and community college partners. Partners, in turn, provide a commitment to global education, involvement in all World View programs, and support to their educators.

2/05

World View Budget Information
Brief Descriptions of Each Program, FY 2004-05

Partners' Workshop (August 12, 2004). This one-day workshop is held annually at the site of a World View partner school or college. This year's Partners' Workshop was held at Independence High School in Charlotte, where over 400 educators kicked off the beginning of the school year exploring global citizenship issues.

$810 was budgeted for the 2004 Partners' Workshop, which primarily covered travel expenses for the World View staff of six to stay one night in Charlotte. Other costs were paid by World View Partner schools in Charlotte, allowing registration fees to be waived.

Fall Symposium (October 25-26, 2004). This annual symposium, held on the UNC-Chapel Hill campus, explores a major topic of global significance. This year's program explored, "Global Education: Infusing Global Themes Into Every Classroom," bringing 400 North Carolina K-12 and community college educators to campus. School and college teams of four or more worked on action plans to bring what they learned at the program back to the classroom.

$30,426 was budgeted for the 2004 Fall Symposium, mainly to cover per person costs, rooms, and AV equipment rental at the Friday Center for Continuing Education at UNC-Chapel Hill. The symposium generated $32,000 in registration fees.

Spring Seminar on Hispanics/Latinos in the Carolinas (March 22-23, 2005). This year marked World View's seventh annual Hispanics/Latinos in the Carolinas seminar. The program is intended to help North Carolina educators address the challenges that come with teaching a growing population of immigrant/migrant students whose native language/culture is not English/American. Over 200 educators attended this year's program.

$20,850 was budgeted for the 2005 Hispanic Seminar, mainly to cover per person costs, rooms, and AV equipment rental at the Friday Center for Continuing Education in Chapel Hill. The seminar will generate approximately $20,000 in registration fees.

Spring Seminar on Europe and the European Union (March 23-24, 2005). World View's second annual spring seminar offering is keyed to a specific region of the world, with emphasis on expanding global components of all curricula. The seminar also orients World View study visit participants to the particular part of the world where they will be traveling. Over 100 participants from North Carolina schools and colleges attended this year's program.

$14,000 was budgeted for the 2005 Europe Seminar, mainly to cover per person costs, rooms, and AV equipment rental at the Friday Center for Continuing Education in Chapel Hill. The seminar will generate approximately $9,500 in registration fees.

Community College Librarians' Workshop (April 15-16, 2005). World View's first program exclusively for community college educators will help librarians make global resources more accessible on their campuses through print and electronic media. Enrollment is capped at 25 participants.

$500 is budgeted for the first annual Librarians' Workshop, to cover food and parking costs. Other costs were paid by the UNC Library System, allowing registration fees to be waived.

Study Visit to Spain (June 13-24, 2005). Each year, World View organizes a two-week international study visit for up to 35 educators. The purpose is to widen educators' lenses, deepen their appreciation of cultural dynamics, and expand their comfort level in cross-cultural settings. The June 2005 trip will go to Spain.

The Spain visit costs are paid directly by 35 participants at $2,700 each.

Global Education Leaders' Program (June 19-24, 2005). Each summer, 35 educators in leadership roles come to Chapel Hill for a weeklong, intensive study of global issues that have importance to and impact on students, schools, and communities. The program's objective is to provide these school and college leaders with the basic knowledge and the commitment to implement curricula changes and new programs that increase student global awareness and the skills to respond to global challenges.

$23,078 is budgeted for the Global Education Leaders' Program, mainly to cover food and housing costs for 35 participants and room/AV rental at the Center for School Leadership Development. The seminar will generate approximately $9,000 in registration fees, and is partially subsidized by a Z. Smith Reynolds Grant that will expire in May 2005.

Outreach (ongoing). World View staff visits schools and speaks on global education issues or organizes short specialty workshops that introduce new content or deepen participants' understanding of global issues. World View also connects classroom teachers to existing international programs, such as Rotary Scholars, for correspondence exchange, helps schools set up student and faculty exchanges, and establishes sister school connections.

Publications (ongoing). World View provides schools and colleges with a semiannual newsletter, a website, two monthly electronic updates on global issues, and a Sourcebook on Global Education Resource materials for K-12 educators (first edition published in fall 2005).

Curriculum Development (ongoing). With the addition of an Assistant Director for Curriculum in July 2004, World View has begun developing lesson plans, curriculum units, and other resources to help educators infuse global components into the NC Standard Course of Study.

World View at UNC-Chapel Hill
Budgeted Expenditures
FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	$239,422	52%
2	Benefits	$52,973	12%
3	Contractual Personnel Services	$5,000	1%
4	**Total Personnel Services**	**$297,395**	**65%**
5	Building Rent/Lease	$28,000	6%
6	Equipment Rental/Lease	$9,085	2%
7	Travel	$4,000	1%
8	Telephone/Cellular Phone Service	$4,402	1%
9	Misc. Contractual Services	$106,879	23%
10	**Total Purchased Services**	**$152,366**	**33%**
11	General Office Supplies	$4,175	1%
12	R&D / Educational Supplies	$3,750	1%
13	**Total Supplies**	**$7,925**	**2%**
14	Furniture	$525	0.10%
15	Computers	$300	0.10%
16	Other		
17	**Total Equipment**	**$825**	**0.20%**
18	Discretionary Grants		
19	Directed Grants		
20	Loans		
21	Other		
22	**Total Aid & Public Assistance**		
23	**Total Reserves**		
24	**Total Other**		
25	**Total Budget**	**$458,511**	**100%**

Legislators' School For Youth Leadership Development

Legislators' School for Youth Leadership Development
Mission Statement

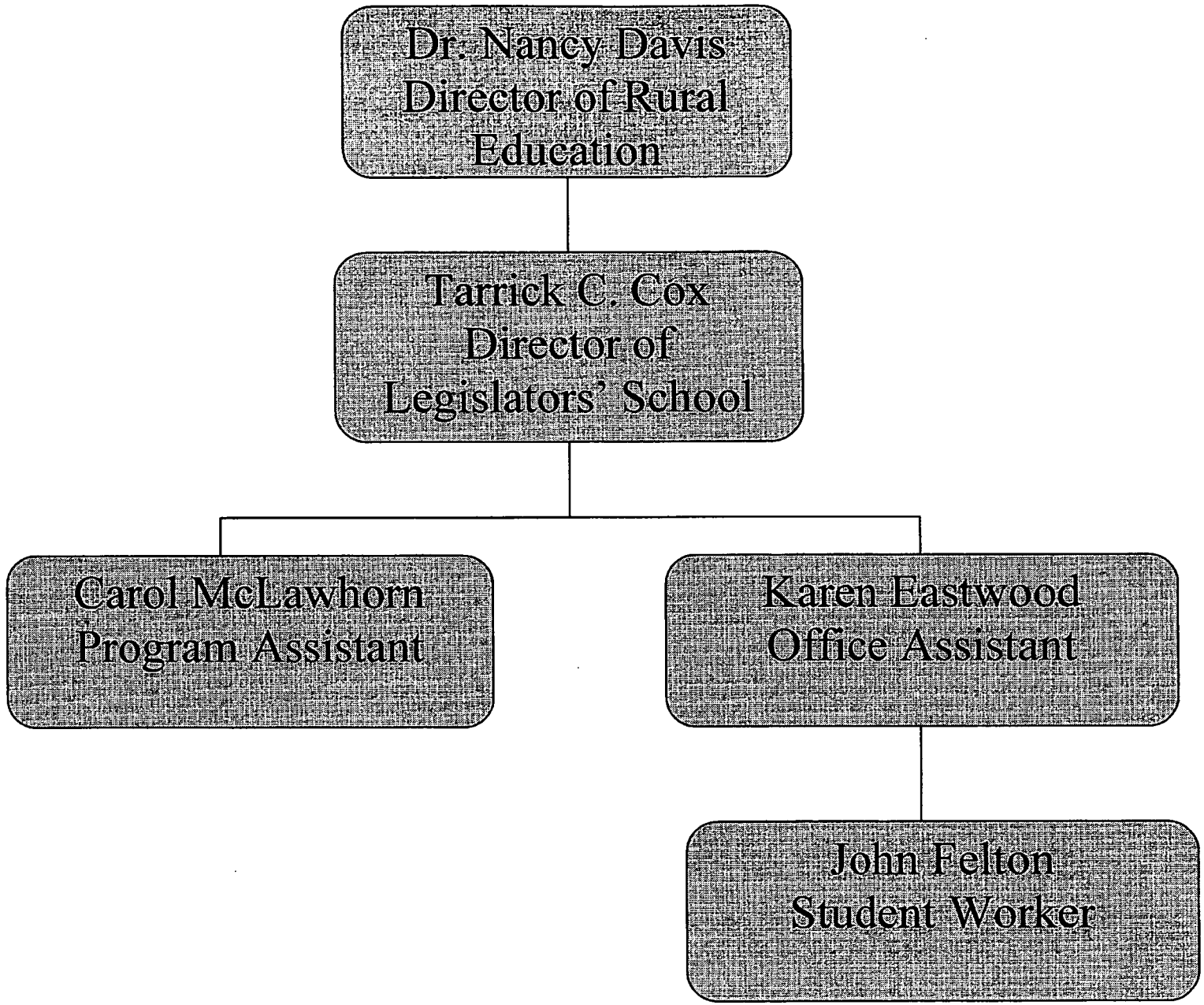
The mission of the Legislators' School for Youth Leadership Development is to serve students who are not designated as academically gifted, but who demonstrate that with extra motivation and opportunity they could become student leaders. These students are given the opportunity to develop their communication, problem solving and thinking skills. The program places emphasis on students who attend schools serving rural and isolated areas because these students do not always have the same opportunities that are provided to students attending schools in urban areas; therefore, there are three rural students to every one urban student selected to attend the program.

Legislators' School - ECU
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation					
Recurring (R)	$276,507	$276,683	$275,729	$280,096	$284,185
Non-Recurring (NR)	$36,491	$69,831	$0	$0	$900
Other Revenue Sources	$0	$0	$0	$0	$0
Actual Year-End Expenditures	$244,101	$319,367	$264,193	$278,668	$285,085
Difference (Cash Balance)	$68,897	$27,147	$11,536	$1,428	$0

* Projected figures for FY 2004-05

Organizational Chart for Legislators' School



Program Overview

Legislators' School for Youth Leadership Development at East Carolina University

The Legislators' School for Youth Leadership Development, operated by the Rural Education Institute at East Carolina University in Greenville, serves 51 counties in the eastern part of the state. Western Carolina University in Cullowhee serves 49 counties in the western part of the state. Each summer, at East Carolina University, approximately 300 students participate in 2 two-week sessions. The first session serves about 100 rising eighth through ninth grade. The second session serves about 80 rising tenth through eleventh grade students. The only costs to students are transportation and spending money.

When one considers the importance of maintaining North Carolina's economic growth, the need for a better-qualified work force, and the reduction of crime, the development and education of our youth assumes a new importance. These same students are an important part of the solution to the problems and it becomes obvious that "the future is not." It also illustrates the challenge and opportunity that the Legislators' School provides.

The Legislators' School at East Carolina University is dedicated to meeting the aforementioned challenge by providing its participants the opportunity to:

- Learn new skills
- Learn more about themselves
- Stretch to do more than they think they can do
- Broaden their "vision" of the world around them

These objectives are the prominent influences in all programming for the Legislators' School. The ECU Legislators' School includes the following components:

A. Basic Seminars

Students are divided into home teams, which rotate through required seminars. Each seminar includes instruction, practice, and application of content and personal goal setting.

B. Recreational Activities

Each day the students participate in some form of activity during evening activities. Some of the activities are swimming, basketball, aerobics, volleyball or racquetball.

C. Special Events

Some special events are recreational while others are designed with a specific academic or skill development.

D. Consolidation Activity

On the last day before returning home, a series of small and large group activities are scheduled to help students develop revisions to their personal growth plans.

They assess their progress toward meeting their in-program goals and set new goals for when they return to their home and school. Each participant completes a survey, which is the participant's personal evaluation of program. These results, as well as the staff recommendations, are given strong preference in formulating any program changes for the next year.

E. Awards/Certificates

Awards are presented during the closing ceremony. Certificates are given to all students who complete the program. Both North Carolina's Lt. Governor and Speaker of the House sign certificates. The certificate is often the first, and for some, the only award they have ever received.

F. Program Staffing

Staffing for the Legislators' School is a vital component contributing to the success of the program. The teaching staff consists of those North Carolina Public School teachers considered to be outstanding in their school districts and who are from the same general area of the state as the participants. Teachers assist in the initial development of the program and continue to be actively involved in the ongoing instructional and residential life program components. Creative, dedicated, energetic, and experienced teachers- those who have prepared and successfully unused innovative experimental activities and methods in their classroom-have been selected as faculty members.

In the residence halls, outstanding college students primarily from the various North Carolina Universities are recruited to supervise the program participants. Education or related majors, plus experience working with youth are some of the criteria used in the residence life counselor selection process. Every attempt is made to maintain a low student- counselor ratio, since this is critical in the overall growth and development components of our program.

The close relationships, which develop during each session, appear to have long-term influence on both staff and participants. A more meaningful respect for the role of teacher and student, both from a career as well as a personal perspective, which cannot be readily cultivated in the regular school atmosphere, adds yet another growing experience for students. Some students attending the Legislators' School, who may not have been inclined to further education after high school, find that the influence of the staff sometimes changes their outlook not only about themselves but also on continued schooling.

Legislators' School
Budgeted Expenditures
FY 2004-05

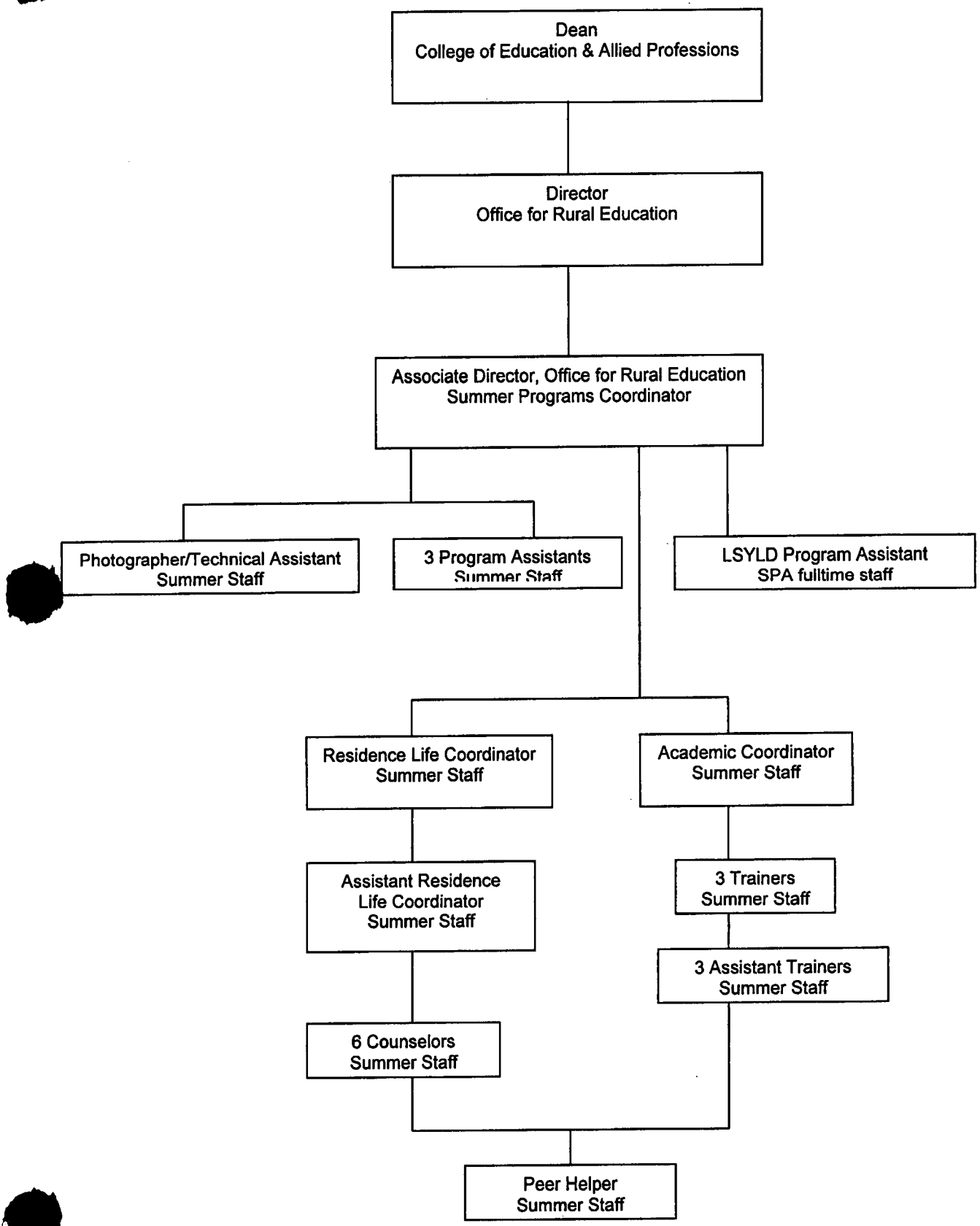
	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	70,122	
2	Benefits	22,525	
3	Contractual Personnel Services	62,713	
4	Total Personnel Services	$155,360	54.50%
5	Building Rent/Lease (housing/Dining, etc.)	76,200	
6	Equipment Rental/Lease	5,000	
7	Travel (rental cars)	1,000	
8	Telephone/Cellular Phone Service	294	
9	Misc. Contractual Services (printing, mail)	3,000	
10	Total Purchased Services	$85,494	29.99%
11	General Office Supplies	13,981	
12	R&D / Educational Supplies(books, etc.)	30,000	
13	Total Supplies	$43,981	15.43%
14	Furniture		
15	Computers (parts /repairs)	250	
16	Other		
17	Total Equipment	$250	0.09%
18	Discretionary Grants		
19	Directed Grants		
20	Loans		
21	Other		
22	Total Aid & Public Assistance		0.00%
23	Total Reserves		0.00%
24	Total Other		0.00%
25	Total Budget	$285,085	100.00%

Legislators' School for Youth Leadership Development - WCU
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation					
Recurring (R)	$284,648	$235,362	$211,742	$208,476	$214,790
Non-Recurring (NR)					
Other Revenue Sources					
Actual Year-End Expenditures	$273,101	$229,886	$196,366	$203,095	$206,929
Difference (Cash Balance)	$11,547	$5,476	$15,376	$5,381	$7,861

* Projected figures for FY 2004-05

Organizational Chart
Legislators' School for Youth Leadership Development (LSYLD)



LEGISLATORS' SCHOOL FOR YOUTH LEADERSHIP DEVELOPMENT
OFFICE FOR RURAL EDUCATION
WESTERN CAROLINA UNIVERSITY

In 1985 the North Carolina General Assembly determined the need to create a program to train and develop youth leaders who would eventually shape the future of North Carolina. There was also a need to create a skilled work force so that North Carolina would remain competitive as a state. This assembly created and funded two youth leadership training programs for students in grades eight through twelve (Bill H1200 sponsored by the late Representative Howard B. Chapin). The bill required that the programs serve students who do not qualify for academically gifted but who show that "with extra motivation and opportunity they could become student leaders..." It also placed emphasis on serving students from rural areas because these students often do not have opportunities provided to students attending schools in urban areas. Therefore, a 3:1 ratio of rural to urban students was mandated.

The Legislators' School for Youth Leadership Development, operated by the Office for Rural Education at Western Carolina University in Cullowhee, serves the western half of the state. The site at East Carolina University serves the eastern half. The only costs to students are transportation to and from the program, laundry expenses and spending money. In the beginning, each summer at Western Carolina University, a total of about 300 students participated in 2 three-week sessions. The first session served about 150 rising tenth through twelfth grade students, and the second session served about 150 rising eighth and ninth grade students. To date, the Legislators' School for Youth Leadership Development at Western Carolina University has served 3,553 students from the 49 westernmost counties of North Carolina.

The Legislators' School completes an external comprehensive annual evaluation of its program. In addition, every student personally evaluates the Legislators' School before they leave Cullowhee. As a follow-up, to help determine the longevity of the learning experiences of our program, we mail out externally developed evaluations every year to both parents and to the school of each participant who graduated from Legislators' School two years or more prior to the mailing.

The criteria for selection of students were developed with the advice of teachers, principals, and school counselors. Educators representing both secondary and post secondary education participated in program development. The program includes communication skills involving reading, writing, speaking, listening, and viewing, with an emphasis on the application of these skills in thinking, reasoning, and problem solving.

The intent of the program includes the following goals: (1) select students who demonstrate leadership potential, citizenship and interpersonal skills; (2) provide a program that includes academic enrichment, communication and organizational skill development; personal growth and wellness; community involvement and group team building process; and builds positive and appropriate character skills; (3) encourage students to remain in school and not dropout; (4) motivate the students to continue their education and training; (5) encourage development of potential for leadership and skill development so as to create a work force to meet the demands of the next decade.

When one considers the importance of maintaining North Carolina's economic growth, the need for a better qualified work force and the reduction of crime, the development and education of our youth assumes a new importance. These same students are an important part of the solution to the problems and it becomes obvious that "the future is now." It also illustrates the challenge and opportunity the Legislators' School provides.

The Legislators' School at Western Carolina University is dedicated to meeting the aforementioned challenge by providing its participants the opportunity to: (1) learn new skills, (2) learn more about themselves, (3) stretch to do more than they think they can do, (4) broaden their "visions" of the world around them.

Legislators' School for Youth Leadership Development

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	107,363	50
2	Benefits	17,502	8.14
3	Contractual Personnel Services	614	0.285
4	Total Personnel Services	$126,478	58.42%
5	Building Rent/Lease	0	0
6	Equipment Rental/Lease	976	0.454
7	Travel	2,496	1.162
8	Telephone/Cellular Phone Service	88.32	0.041
9	Misc. Contractual Services	65,566.45	30.52
10	Total Purchased Services	69,126.77	32.18%
11	General Office Supplies	1,016.55	0.47
12	R&D / Educational Supplies	11,014.69	5.13
13	Total Supplies	12,031.24	5.60%
14	Furniture	0	0
15	Computers	0	0
16	Other	292.99	0.136
17	Total Equipment	292.99	0.14%
18	Discretionary Grants	0	0
19	Directed Grants	0	0
20	Loans	0	0
21	Other	0	0
22	Total Aid & Public Assistance	0	0.00%
		0	
23	Total Reserves	0	0.00%
		0	
24	Total Other	7860.95	3.66%
	Salary line benefits not used		
25	Total Budget	214,790.00	100.00%

LEARN NC

LEARN NC
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation	$899,241	$845,445	$860,742	$788,304	$808,989
Recurring (R)	$899,214	$845,445	$860,742	$788,304	$808,989
Non-Recurring (NR)					
Other Revenue Sources					
Actual Year-End Expenditures	$891,284	$830,065	$855,924	$768,241	$806,000
Difference (Cash Balance)	$7930	$15380	$4818	$20063	$2989

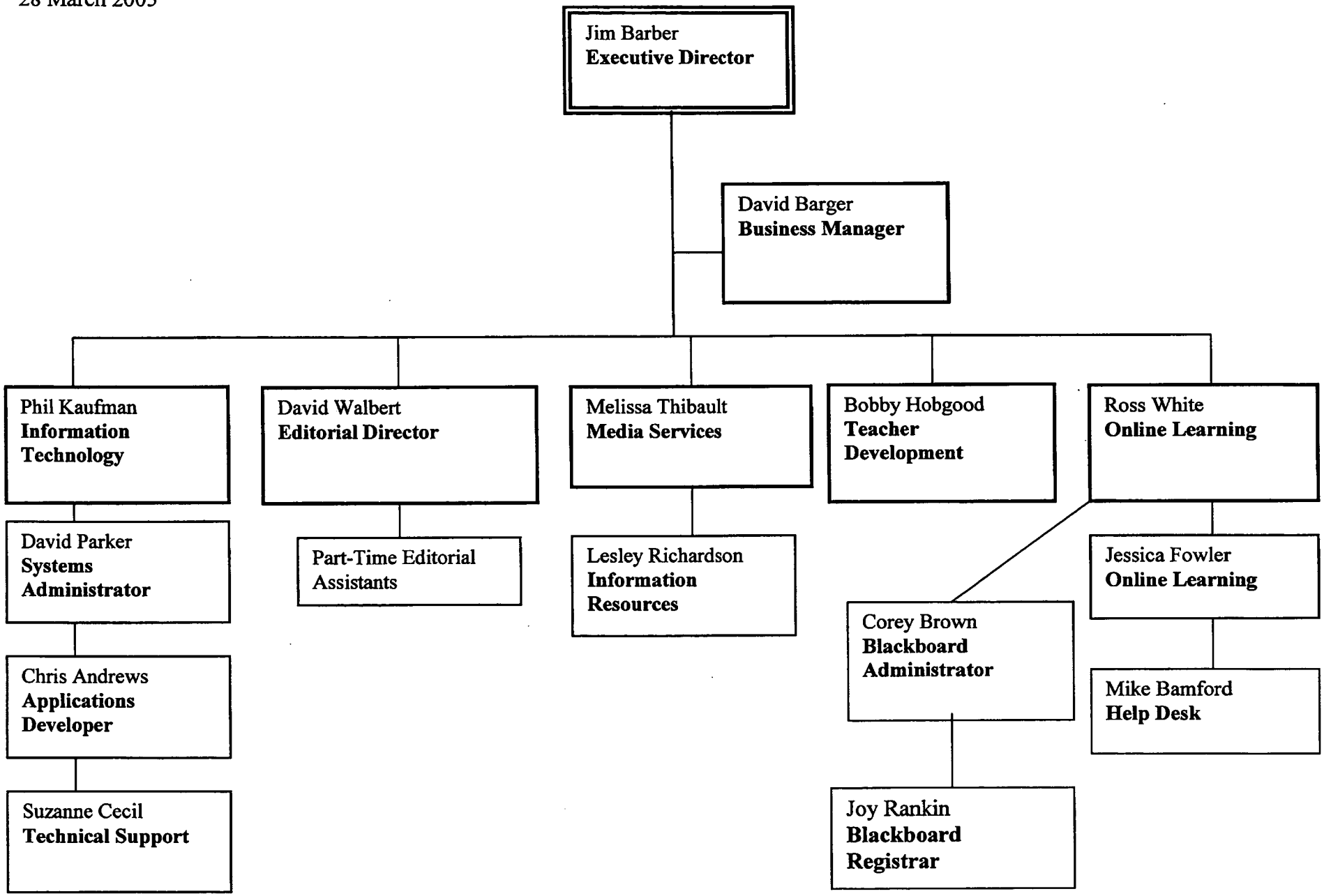
* Projected figures for FY 2004-05

LEARN NC
Other Funding History

Other Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
Contracts / Grants / Other Funding	$133,000	$29,000	$298,000	$292,000	$736,000
Actual Year-End Expenditures	$42,000	$47,000	$58,000	$241,000	$595,000
Difference (Cash Balance)	$91,000	-$18,000	$240,000	$51,000	$141,000

* Projected figures for FY 2004-05

LEAR[redacted]orth Carolina
Organizational chart
28 March 2005



UNC
LEARN NC

THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

SCHOOL OF EDUCATION

NC CENTER FOR SCHOOL
LEADERSHIP DEVELOPMENT
140 FRIDAY CENTER DRIVE
CHAPEL HILL, NC 27517

T 919.962.8888
F 919.962.8940
www.learnnc.org

MAILING ADDRESS:
CAMPUS BOX 7216 LNC
CHAPEL HILL, NC 27599-7216

An Introduction to LEARN NC

LEARN NC, a program of the UNC-Chapel Hill School of Education, is a statewide network of K–12 educators using the power of the Internet to improve education. Our site on the World Wide Web, located at www.learnnc.org, provides a dynamic environment for teachers to interact online, sharing ideas and resources with colleagues in school systems statewide.

Established by the legislature in 1999, LEARN NC provides a comprehensive educational resource center for K-12 teachers and students. We extend the impact of these resources through our network of trained coordinators working in every school system in the state. The NC Department of Public Instruction is a primary partner in the development and dissemination of these resources.

Developed or contributed by practicing educators, LEARN provides lesson plans aligned to North Carolina's Standard Course of Study, best practice articles, and educationally appropriate web links, through the web site: www.learnnc.org. Special features address critical needs like helping beginning teachers, teaching English Language Learners, and teaching and assessing writing. Online courses for high school students and continuing education courses for teachers are also offered. For teachers new to the classroom and experienced teachers facing new challenges, these resources offer just-in-time management ideas, research-supported instructional strategies, and long-term development of educational practice. A variety of formats enables teachers to take charge of their own professional development; while instructor-led courses enable interactive learning and feedback.

LEARN NC promotes the free sharing of all its resources, and these published resources for self-guided learning serve nearly 10,000 educators daily.

Why LEARN? What teachers say about LEARN NC

"Using LEARN NC resources helps to empower me to be a responsible teacher who strives to create a sound technology-rich educational environment for all my students."

"I have been on the Net since the early 90's. As I would search for "stuff" I wondered why an organization/person couldn't get all that "stuff" that teachers need and package it in a great website - then came LEARN NC - that is why I got involved with LEARN NC – I really believe in it."

"LEARN is where I send all of my teachers when they come to me for resources for their students. There is no better web site for the children and teachers in our state because all the resources on LEARN NC are tied to the Standard Course of Study."

"Each time I hold a new teacher orientation or training, LEARN NC is the site I use to hook my teachers into using the Internet effectively in their classrooms."

"When teachers talk, LEARN NC listens. Having many valuable teacher-created lesson plans that are directly linked to the North Carolina Standard Course of Study at my finger tips, access to safe web resources that correlate with the SCoS, and immediate professional development opportunities on-line all help me when providing the best and most effective learning opportunities for my students. "

LEARN NC
Budgeted Expenditures
FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1	Salaries	691,000	85.42
2	Benefits	n/a	
3	Contractual Personnel Services	n/a	
4	Total Personnel Services	$691,000	85.42%
5	Building Rent/Lease	n/a	
6	Computer Charges	5000	
7	Travel	19,000	
8	Telephone/Cellular Phone Service	21,000.00	**
9	Misc. Contractual Services	5,000	
10	Total Purchased Services	50,000	6.18%
11	General Office Supplies	23,000	
12	R&D / Educational Supplies	9,000	
13	Total Supplies	32,000	3.96%
14	Furniture	0	
15	Computers	26,000	
16	Other		
17	Total Equipment	26,000	3.21%
18	Discretionary Grants	0	
19	Directed Grants	0	
20	Loans	0	
21	Other	0	
22	Total Aid & Public Assistance	0	0.00%
23	Total Reserves	0	0.00%
24	Total Other	10,000	1.24%
25	Total Budget	808,989	100.00%

** This number is an inflated encumberence to cover future telephone costs

Reading Together USA

Reading Together USA
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
State Appropriation					
Recurring (R)	$350,000	$350,000	$350,000	$314,822	$10,112
Non-Recurring (NR)					
Other Revenue Sources					
Actual Year-End Expenditures	$350,000	$350,000	$350,000	$314,822	$10,112
Difference (Cash Balance)	**$0**	**$0**	**$0**	**$0**	**$0**

* Projected figures for FY 2004-05

Reading Together USA
Other Funding History

Other Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
Contracts / Grants / Other Funding	$1,799,000		$800,000		
Actual Year-End Expenditures	$0	$1,092,661	$662,030	$472,156	$372,153
Difference (Cash Balance)	**$1,799,000**	**$706,339**	**$844,309**	**$372,153**	**$0**

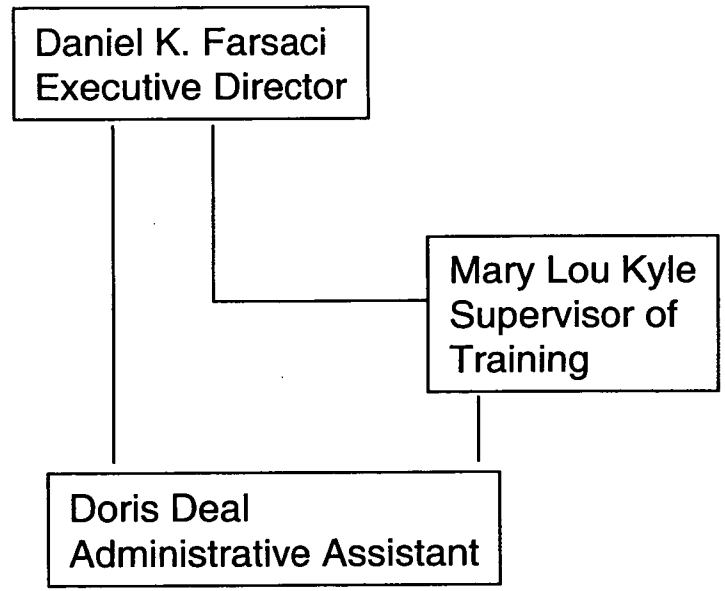
* Projected figures for FY 2004-05

* Federal source funds.

Reading Together USA

Organization Chart

July 2004



THE UNIVERSITY OF NORTH CAROLINA

GREENSBORO

Reading Together USA for Cross-Age

Description

Reading Together USA is a peer tutoring reading program collaboratively developed by UNCG, Guilford County Schools, and the National Council of Jewish Women Institute of Education Innovation at Hebrew University in Jerusalem. The Program is an adaptation of the Yachad Tutoring Program that has successfully been in progress in Israeli schools for the past 19 years. This program was developed to improve the reading fluency and comprehension skills of second grade students, who are tutored by fifth grade students using materials developed from reading research literature, a structured instructional framework, and a well developed support system.

Relevance and Background

There is well-documented national concern about the degree to which children are not able to read. In response to demands for better prepared students, the Reading Together Program was established to assist those second grade students who are able to decode but still need extra help with reading. The goal of this program is to address the problems of reading fluency and comprehension before a pattern of continued long-term failure is established, and to identify and eliminate the gap between students with reading problems with skilled readers.

The program consists of nine training sessions for the fifth grade tutors and thirty tutorial sessions during which the fifth grade tutors coach the second grade students. The students and tutors meet twice a week for 35 to 45 minute sessions. During theses sessions, the tutor-student pairs read passages and engage in several reading related activities. Tutors also meet with the coordinator to discuss the effectiveness of the session, allowing each tutor an opportunity to reflect on the lesson with the student and seek suggestions to deal with difficulties. In addition, the tutors meet twice a week to plan and prepare for the next session with the students. The structured reading sessions are designed so that students can have positive reading experiences at a level that helps them develop fluency and reading comprehension. The program has been highly acclaimed by students, parents, teachers, and educators. In February 1998, UNCG established the *Reading Together USA Institute* and, under funding from the State of North Carolina, a statewide program expansion has been initiated. The 1997 Labor-HHS Appropriations Bill recommended that the US Department of Education provide $750 thousand to fund the first year of a pilot program expansion to five additional states (Florida, Illinois, Missouri, Pennsylvania, and Texas). UNCG received those funds in spring 1998 and the five-state expansion has been implemented. Additional school districts in other states (Maryland, New York, California, and Ohio) have also requested to participate in *Reading Together USA*. Since March 1999, the number of schools that participate in the program has increased from 25 to 267.

Outcomes

This intervention reading model focuses on enabling students to develop strategies for successful independent reading and helps them become more effective learners. Although the *Reading Together USA* targets reading improvement for second grade students, it also builds leadership, organization, human relations skills, and increases reading comprehension for the fifth grade tutors. The program allows students to work as a team and to acquire skills that will help them to function in an increasingly diverse society. Reading Together is a systematic and cost-effective intervention program that can be used as a national model and easily implemented in schools throughout the nation.

Other tutorial programs using evaluative data from the *Reading Together USA* program are being assessed for future development. They include an Adult Tutor and English as a Second Language Tutor. A compressed Reading Together cross-age program will be designed and tested.

Contacts

Anyone interested in participating in the Reading Together Cross-Age or Adult Tutor Programs can contact Dan Farsaci at The University of North Carolina at Greensboro at 336-334-5670.

Summer Ventures in Science and Mathematics (SVSM)

Summer Ventures in Science and Mathematics- Summer Research Program for Students Grades 11 and 12
K-12 Programs of the University of North Carolina
Funding History

State Appropriation noting Recurring (R) and Non-Recurring (NR)

Campus	*FY 2000-01*		*FY 2001-02*		*FY 2002-03*		*FY 2003-04*		*FY 2004-05*	
	Appropriation	*Yr End Cash Balance*	Appropriation	*Yr End Cash Balance*	Appropriation	*Yr End Cash Balance*	Appropriation	*Yr End Cash Balance*	Appropriation	*Yr End Cash Balance*
ASU	$277,184 (R)	*$19,835*	$269,604 (R)	*$31,492*	$281,951 (R)	*$46,591*	$281,993 (R)	*$19,134*	$280,945 (R)	*$0*
	$0(NR)		$0(NR)		$0(NR)		$0(NR)		$0(NR)	
ECU	$250,035 (R)	*$246*	$255,644(R)	*-$244*	$254,732(R)	*$0*	$258,893(R)	*$178*	$260,737(R)	*$0*
	$0(NR)		$0(NR)		$2,000(NR)		$0(NR)		$0(NR)	
NCCU	$250,000 (R)	*$0*	$250,000 (R)	*$38,049*	$250,000 (R)	*$32,055*	$250,000 (R)	*$1*	$250,000 (R)	*$0*
	$27,962 (NR)		$240 (NR)				$48,770 (NR)		$293	
UNCC	$266,064 (R)	*-$518*	$264,704 (R)	*$78,704*	$259,900 (R)	*$300*	$251,987 (R)	*$1,643*	$252,487 (R)	*-$113*
	$0(NR)		$0(NR)		$0(NR)		$0(NR)		$0(NR)	
UNCW	$293,644 (R)	*$2,695*	$291,628(R)	*$14,179*[1]	$195,659(R)	*$1,680*	$199,669(R)	*$2,639*	$203,639(R)	*$259*
	$0(NR)		$0(NR)		$0(NR)		$8,453[2](NR)		$11,620[3](NR)	
WCU	$271,538 (R)	*$0*	$271,538(R)	*$0*	$217,407(R)	*$0*	$212,829(R)	*$0*	$217,058(R)	*$0*
	$0(NR)		$0(NR)		$0(NR)		$0(NR)		$0(NR)	
NCSSM	$172,849 (R)	*$522*	$182,174 (R)	*-$1,183*	$185,075 (R)	*$1,152*	$194,643 (R)	*-$703*	$207,570 (R)	*$0*
	$0(NR)		$250(NR)		$0(NR)		$3,800(NR)		$0(NR)	

[1] UNCW 2001-02 spending free implemented
[2] UNCW 2003-04 one-time benevolence from Provost
[3] UNCW 2004-05 one-time benevolence from Provost

Summer Ventures in Science and Mathematics
Organizational Chart

UNC Oversight	Richard L. Thompson, Ed.D. V.P. for University School Programs	SVSM is one of several programs under the oversight of University School Programs under the Office of the President
Program Administration	Sally M. Adkin, Ph.D. SVSM State Coordinator and NCSSM Sr. VP for External Programs	The North Carolina School of Science and Mathematics was designated by the legislature (1984) to administer the program including admissions, programming, research and evaluation. The SVSM Coordinator reports to the NCSSM President. The fiscal authority for the SVSM program resides at the campus level.

	Number of EPA FTE	Number of SPA FTE	Campus SVSM Director	Campus Oversight	# of Students Served by summer			
					2001	2002	2003	2004
ASU	3.2[4]	0.0	Dr. Bonnie Gordon	Dr. Wilbur H. Ward, III Sr Assoc. Vice Chancellor Academic Affairs	91	65	86	67
ECU	3.9[5]	1.0	Dr. Floyd Mattheis	Marilyn Sheerer Dean of the College Of Ed.	72	76	70	78
NCCU	2.3[6]	0.5	Dr. Jasper Harris	Dr. Janice Harper Ast. Vice Chancellor for Academic Affairs	90	89	73	73
UNCC	0.0[7]	0.0	Dr. David Royster	Dr. Joan Lorden, Provost and Vice Chancellor for Academic Affairs	74	67	68	66
UNCW	1.0[8]	2.0	Ms. Karen Shafer	Dr. Cathy Barlow Dean School of Education	83	33	44	62
WCU	0.25[9]	0.0	Dr. Joe Klerlein	Dr. Kyle Carter Provost Academic Affairs	98	67	71	81

[4] ASU has no office staff and uses EPA positions to support a program director and part-time summer positions

[5] ECU uses the EPA positions to support a part-time director, part-time faculty and Residential Advisors, and the SPA position for office support.

[6] NCCU uses the EPA positions to support a part-time director and part-time summer positions, and the SPA position for office support.

[7] UNCC has a set amount included in its salary line. These funds are used to support a summer director, faculty, and staff.

[8] UNCW uses the EPA positions to support 22 part-time SVSM employees and the SPA positions to support portions of 5 personnel who serve in management and support roles.

[9] WCU supports one faculty SVSM Program Director who is released from one class each semester. Other salary funds support summer salaries for faculty and staff.

Summer Ventures in Science and Mathematics- Summer Research Program for Students Grades 11 and 12
K-12 Programs of the University of North Carolina

Mission and Goals of the Program:

Summer Ventures in Science and Mathematics (SVSM) is an academic enrichment program for high ability high school students (avg. GPA 3.6) who have demonstrated interest in pursuing careers based in science and mathematics. The entire experience is designed to encourage these students to major in science or mathematics at a public North Carolina university. The statewide program is administered through the North Carolina School of Science and Mathematics and hosted at six campuses of the university system: ASU, ECU, NCCU, UNCC, UNCW, WCU. University faculty teamed with master high school teachers guide students through a rigorous, 4-week, academic program specially designed to provide experience in scientific inquiry and mathematical problem solving. Students design, conduct and report results from their individual research projects. Students live in residence halls under the supervision of residential advisors who provide guidance, plan social, athletic, cultural and co-curricular activities.

Results and Outcomes of the Program:

SVSM State Coordinator's Office collects and analyzes a significant amount of data from all six campuses. This office has conducted an impact survey mailed to 9,498 SVSM participants at their last known address. Results from respondents indicate that 86.3% have enrolled in an in-state institution of higher education. 85.2% have pursued graduate studies, 64.1% have majored in mathematics, science, or technology and 73% are paying NC income tax. In the comment section participants took the time to comment on the important role the SVSM experience played in their lives. An analysis of SVSM participants by social security number revealed that 75% of participants have attended a UNC system university. In addition to these studies, the SVSM State Coordinator's Office analyzes and reports on dimension of the applicant pool, selected and non selected, program retention, and student satisfaction. Reports are also compiled on student growth via the 26 program dimensions and students subsequent college enrollment in The UNC System. SVSM has served over 10,700 high school students since its inception. Among the benefits of SVSM to the citizens of North Carolina are these:

- Innovative research opportunities for North Carolina high school students
- A model and impetus to jump start math/science research in all high schools across North Carolina
- An early college residential experience and the associated benefit of new friendships and important connections
- Synergistic relationship resulting from exchange among exemplary university professors, master high school teachers, and the State's exceptional high school students
- An opportunity for tomorrow's leaders to gain respect for and loyalty to a UNC campus

Summer Ventures in Science and Mathematics- Summer Research for Students Grades 11 and 12
K-16 Programs of the University of North Carolina
Budgeted Expenditures FY 2004-05

Expenditure Type	ASU	ECU	NCCU	UNCC	UNCW	WCU	NCSSM (admin & program evaluation)	TOTAL
Salaries	$139,370	$154,201	$142,804	$94,000	$112,363	$117,492	$156,436	
Benefits	$ 17,168	$ 16,812	$23,043	$6,200	$16,920	$15,825	$31,357	
Con Pers Services	$ 1,030	$ 62	$1,000	$2,000				
TOTAL Personnel Services	$157,568 (59.47%)	$171,075 (65.61%)	$166,847 (65.87%)	$102,200 (40.46%)	$129,283 (64.64%)	$133,317 (61.42%)	$187,793 (90.47%)	**1,048,083**
Bld Rent/Lease		$42,541		$2,200			$215	
Eqp Rent/Lease	$ 200	$ 1,497	$2,300	$18,900			$175	
Travel	$2,573	$ 507	$321	$9,500	$48,593	$1,844	$6,200	
Phone Service	$ 400	$ 50	$499	$1,600	$10,420			
Misc. Cont. Serv	$96,296	$39,489	$13,360	$94,000	$500	$59,939	$5,810	
TOTAL Purchased Services	$99,469 (37.54%)	$84,084 (32.25%)	$16,480 (6.51%)	$126,200 (49.96%)	$59,513 (29.76%)	$61,783 (28.46%)	$12,400 (5.97%)	**459,929**
Gen Of Supplies	$1,400	$1,424	$4,040	$2,200	$9,804	$2,830	$250	
R&D Ed Supplies	$1,720	$4,154	$7,206	$8,900		$6,082	$649	
TOTAL Supplies	$3,120 (1.18%)	$5,578 (2.14%)	$11,246 (4.44%)	$11,100 (4.39%)	$9,804 (4.90%)	$8,912 (4.11%)	$899 (0.43%)	**50,659**
Furniture						$328	$188	
Computers	$4,000		$9,444	$5,500		$10,269	$1,940	
Other			$46	$7,000	$800	$1,799		
TOTAL Equipment	$4,000 (1.51%)		$9,490 (3.75%)	$12,500 (4.95%)	$800 (0.40%)	$12,396 (5.71%)	$2,128 (1.03%)	**41,314**
Grants	$788 (Discretionary)		$2,000 (Discretionary)	$600 (Directed)				
Loans								
Other					$600	$650	$4,350	
TOTAL Aid & Public Assistance	$788 (0.30%)		$2,000 (0.79%)	$600 (0.24%)	$600 (0.30%)	$650 (0.30%)		**4,638**
Total Reserves			$47,230 (18.65%)					**47,230**
Total Other							$4,350 (2.10%)	**4,350**
TOTAL BUDGET	**$264,945**	**$260,737**	**$253,293**	**$252,600**	**$200,000**	**$217,058**	**$207,570**	**1,656,203**

The North Carolina Model Teacher Education Consortium (NCMTEC)

Name of Organization/Program: NC Model Teacher Education Consortium
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
State Appropriation					
Recurring (R)	1,644,000	718,545	677,238	659,774	1,673,006
Non-Recurring (NR)	500,000			-	-
Other Revenue Sources	-	-	-	-	-
*Actual Year-End Expenditures	2,143,997	718,545	677,235	659,546	1,673,006
Difference (Cash Balance)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Projected figures for FY 2004-05

Notes:

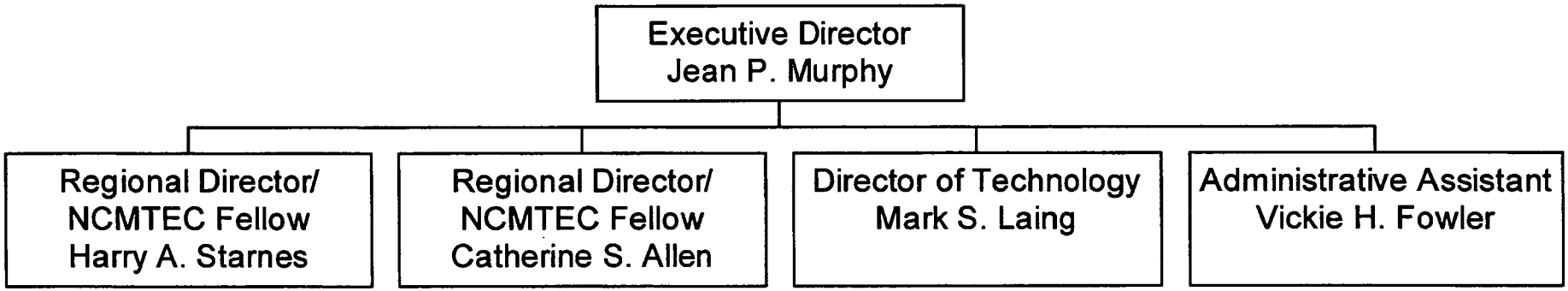
FRS 2-02229 Appropriation

NC Model Teacher Education Consortium
Other Funding History

Other Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
Contracts / Grants / Other Funding	$402,328	$389,951	$299,234	$368,051	$295,438
Actual Year-End Expenditures	$309,002	$632,339	$230,018	$237,652	$295,438
Difference (Cash Balance)	$285,304	$42,916	$112,132	$242,531	$242,531

* Projected figures for FY 2004-05

North Carolina Model Teacher Education Consortium
Organizational Chart



North Carolina Model Teacher Education Consortium
Program Description
March 2005

The NC Model Teacher Education Consortium (NCMTEC) is a collaborative partnership among 40 local school systems, 28 community colleges, 10 colleges/ universities and the State Department of Public Instruction that was created by North Carolina's General Assembly in 1989 to help address the critical shortage of teachers in seven of the poorest and most rural school systems in northeastern North Carolina. Although NCMTEC began as a small regional program with only seven LEAs, it has grown incrementally over the years as neighboring LEAs have sought membership with legislative funding. Halifax County Schools served as the fiscal agent until 2000 when the program became part of the Center for School Leadership Development in the UNC Office of the President.

By making teacher education programs accessible and affordable for employees of the participating school systems, the NCMTEC has facilitated participation in teacher preparation programs for paraprofessionals such as teacher assistants and clerical workers seeking a teaching degree, as well as, lateral entry, provisional, and emergency licensed teachers. Graduate programs were offered until 2001 when the NCMTEC experienced a severe budget cut.

Unlike most of the programs in the Center for School Leadership Development, the NCMTEC is a program that assists employees of the participating school systems as they earn a teaching degree and/or licensure as opposed to offering staff development opportunities. Each semester, employees of the participating school systems have the following opportunities available to them through the Consortium:

Financial Assistance:

- Community College Transfer Courses @ $60 /course and the first $60 of required textbooks/course paid by the Consortium;
- A menu of Consortium-sponsored upper- level teacher education courses offered by the 10 partnering colleges/universities for $80/course. The Consortium pays the remaining tuition;
- Full tuition and a $500/month stipend are available during the student teaching semester when paraprofessionals must take a leave of absence from their jobs; and
- An annual tuition reimbursement up to $500 is available for program participants who need a course not offered by the Consortium and must take a traditional on-campus course.

Support Services:

- **Mail-in, as well as, on-site registration each semester with representatives from the colleges/universities and the Regional Alternative Licensure Centers present to advise them on the courses they need;**
- **Preparation seminars for taking Praxis I and II;**
- **Technology seminars for student teachers with a laptop on loan issued to them when they sign a contract in a Consortium school system; and**
- **A great deal of support in working through the bureaucracies while earning a teaching degree and/or licensure.**

Since 1990 when the first Consortium-sponsored courses were offered in Vance and Halifax counties, 7,628 clients have taken 27,892 courses or seminars. During the 2003-2004 fiscal year, 1,105 clients took 3,208 courses or seminars. Program completers have included:

- **313 clients who attended Praxis preparation seminars have successfully completed Praxis tests;**
- **1,103 lateral entry teachers have cleared licensure requirements;**
- **1,061 educators have earned graduate degrees;**
- **63 teachers have earned National Board Certification;**
- **261 paraprofessionals have earned a degree and/or an initial teaching license.**

NC Model Teacher Education Consortium

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1&2	Salaries & Benefits	$308,540	
3	Contractual Personnel Services	$88,406	
4	Total Personnel Services	$396,946	23.73%
5	Building Rent/Lease	$29,186	
6	Equipment Rental/Lease	$5,652	
7	Travel	$27,163	
8	Telephone/Cellular Phone Service	$20,883	
9	Misc. Contractual Services	$4,842	
10	Total Purchased Services	$87,726	5.24%
11	General Office Supplies	$9,522	
12	R&D / Educational Supplies	$5,478	
13	Total Supplies	$15,000	0.90%
14	Furniture	$5,398	
15	Computers	$5,909	
16	Other		
17	Total Equipment	$11,307	0.68%
18	Discretionary Grants		
19	Tuition, Books, Stipends	$1,162,027	
20	Loans		
21	Other		
22	Total Aid & Public Assistance	$1,162,027	69.46%
23	Total Reserves	0	0.00%
24	Total Other	0	0.00%
25	Total Budget	$1,673,006	100.00%

The North Carolina Mathematics and Science Education Network (MSEN)

Name of Organization/Program: Math Science Education Network
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
State Appropriation					
Recurring (R)	509,182	455,507	429,739	425,929	407,055
Non-Recurring (NR)				-	-
Other Revenue Sources	4,406	3,664	2,869	3,868	2,498
*Actual Year-End Expenditures	513,575	421,340	429,098	429,789	409,553
Difference (Cash Balance)			3,510		

*Projected figures for FY 2004-05

Notes:
FY 2001-02: Governor implemented spending limitations to address budget shortfall
FY 2002-03: Governor implemented spending limitations to address budget shortfall

FRS 2-02270 Appropriation
FRS 2-02271 Appropriation
FRS 2-02272 Reg Fee Receipts

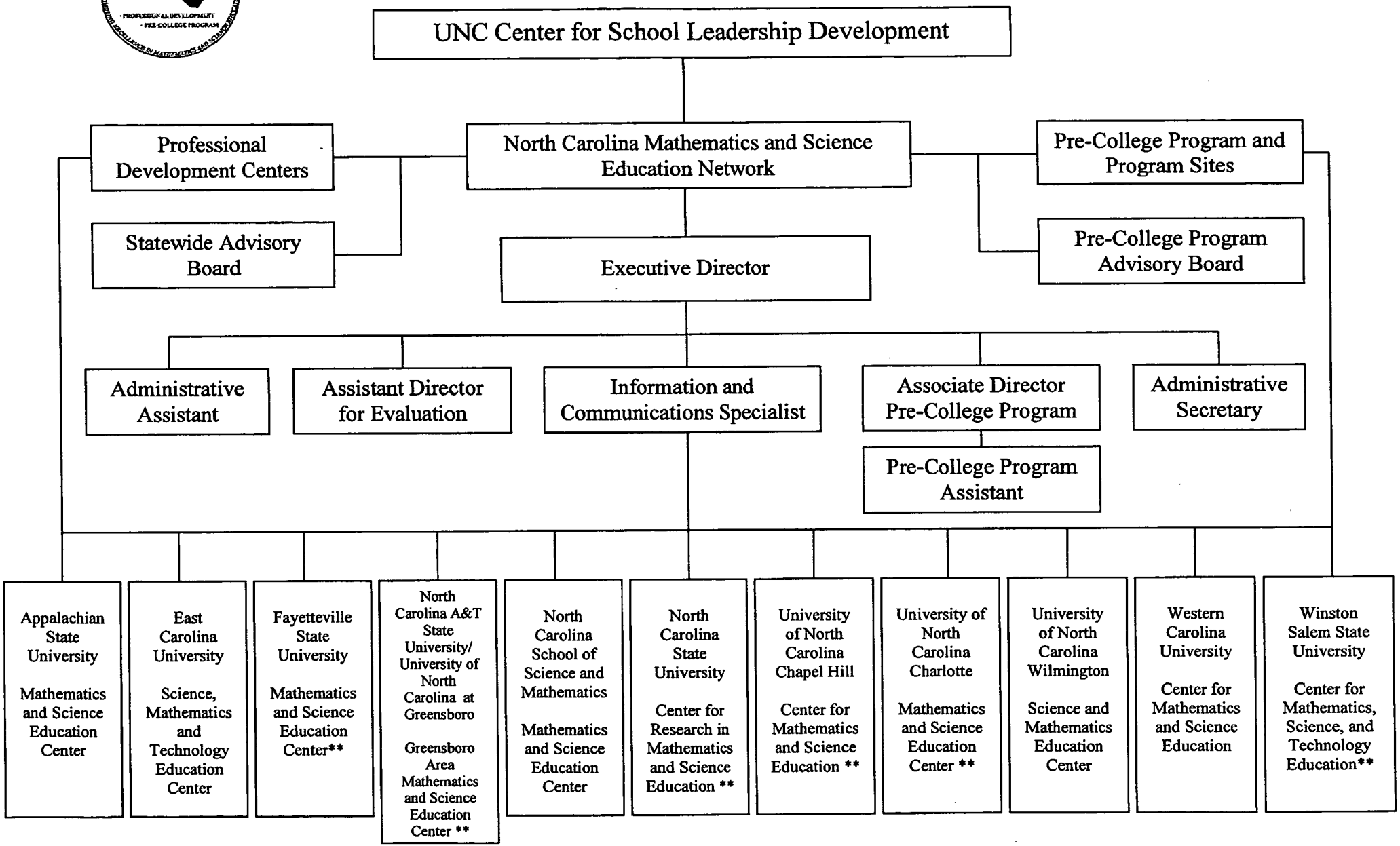
NC MSEN
Other Funding History

Other Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
Contracts / Grants / Other Funding	$28,312	$40,912	$846,561	$3,009,875	$3,406,980
Actual Year-End Expenditures	$28,312	$40,912	$846,561	$3,009,875	$3,406,980
Difference (Cash Balance)	$0	$0	$0	$0	$0

* Projected figures for FY 2004-05

* NC PIMS and IKE funding

North Carolina Mathematics and Science Education Network



** Pre-College Program Sites. There also is a Pre-College Program Site at Elizabeth City State University.

North Carolina Mathematics and Science Education Network

The North Carolina General Assembly established the North Carolina Mathematics and Science Education Network in 1984 and NC-MSEN Pre-College Program in 1986 on the campus of UNC Chapel Hill. Effective October 1, 2000, the Network was transferred under the UNC Board of Governors (Session Law 2000-67, House Bill 1840). The Network's Central Coordination Unit is housed in the UNC Center for School Leadership Development. Currently there are ten professional development centers on the campuses of UNC member institutions and one such center at The North Carolina School of Science and Mathematics, respectively. The NC-MSEN, also by legislative mandate, operates seven Pre-College Program sites on seven UNC campuses. The newest Center and Pre-College Program site were established by the NC General Assembly in 2003. Elizabeth City State University only has a Pre-College Program Site. The Network's membership is shown on the attached organizational chart.

The Pre-College Program (PCP) works directly with students in grades 6-12. The Program is designed to broaden the pool of students who graduate from NC high schools with sufficient preparation to pursue mathematics- and science-based disciplinary majors that lead to careers in science, technology, engineering, mathematics, and teaching. To achieve these goals, the Program offers traditionally underserved students academic enrichment classes and activities, which are aligned with the *NC Standard Course of Study* and national standards. Students enroll in the Program for a full year and are expected to re-enroll each year until they graduate from high school.

In addition to the academic work, which includes tutorials and hands-on activities, Pre-College Program students participate in leadership training and career awareness programs. Each PCP Site sponsors a Parents Involved in Excellence (PIE) Club that supports student activities and consults with staff members on issues such as mentoring and program planning. PIE Club members participate in PCP-developed workshops throughout the year and ensure that their children participate fully in the Pre-College Program.

Ninety-seven percent of Pre-College Program graduates enroll in colleges and universities. Of these 82% major in a mathematics- or science-based discipline and 96% attend North Carolina colleges and universities.

The Centers provide professional development and technical assistance opportunities for K-12 educators in formats and locations that meet their needs. These range from one-day to year-long workshops/training sessions/seminars on-site, at a convenient central location, by videoconferencing, or some combination thereof. These professional development activities focus on content knowledge, pedagogy, and technology that are aligned with the *North Carolina Standard Course of Study,* national mathematics and science standards, and professional development standards in support of quality teaching. These activities also address the State Board of Education's Priorities, as well as the UNC Board of Governors' K-16 Strategic Priority.

VISION: The vision of NC-MSEN is to leverage the resources of The University of North Carolina system, in partnership with schools, to enrich the professional knowledge and skills of mathematics and science teachers in every region of the state, to encourage and challenge underrepresented and underserved student groups academically, and to promote mathematics and science literacy among all students.

MISSION: The mission of NC-MSEN is to provide statewide leadership to improve the teaching and learning of mathematics and science in North Carolina in order to: (1) strengthen the quality and increase the size of the teaching base in mathematics and science education, and (2) increase the pool of students who graduate from North Carolina's high schools prepared to pursue careers requiring mathematics and science (NC General Assembly, 1984; 1986).

Program Offerings: Some Examples

Through collaborative efforts among its Centers and external funding and state assistance, the Network has acquired and implemented several grants. They include:

- intensive train-the-trainer workshops and workshops for high school mathematics teachers who will teach the Advanced Functions and Modeling course, which was developed to help NC high school graduates meet the UNC fourth mathematics admissions requirement, effective fall 2006.
- the implementation of the North Carolina Middle Mathematics (NCM^2) Project, which is funded by the National Science Foundation. This collaborative effort between the Network and the NC Department of Public Instruction utilizes the Network's infrastructure and nine Center sites to improve mathematics education in grades 6-8 across North Carolina by supporting teachers' professional development and providing academic renewal and financial recognition to support their retention. Middle school mathematics teachers from across the state are using a series of three graduate-level courses developed by the NCM^2 Leadership Network especially for this project to obtain certification by the National Board of Professional Teaching Standards (NBPTS) and as the foundation for obtaining master's degrees in middle school mathematics education. The graduate- level courses are placed in the inventory of the participating Centers/universities to provide ongoing professional development for other classroom teachers.
- the implementation of the North Carolina Partnership for Improving Mathematics and Science (NC-PIMS), which is a K-12 mathematics and science partnership initiative that focuses on work with teachers and administrators in 17 eastern North Carolina county school districts to increase K-12 mathematics and science teaching and learning and to decrease current achievement gaps. This initiative uses the Network's infrastructure and three Center sites (ECU, FSU/UNCP, and UNCW) to develop a cadre of K-5 and 6-12 Lead Teachers through leadership training and content-rich graduate courses developed by faculty and project personnel specifically for these participants. These courses also provide an entrée for obtaining NBPTS certification and the foundation for obtaining a master's degree. Academic-year professional development also is provided for all K-12 classroom teachers. The full-time master teachers (Facilitators) that are employed by the project to serve as liaisons between the project and partner school districts also receive ongoing professional development. Project-developed courses and leadership training modules will be placed in the inventory of participating and other Network Centers when the project ends.

Several of the Network's Centers also collaborate with their home universities on Title II ESEA grants – NC QUEST (*Quality Educators Through Staff Development and Training Across North Carolina*). The professional development activities involved range from intensive professional development of mathematics and science middle and high school teachers (ECU) to ASU's work with content area teachers to increase their content and pedagogical skills and enhance instruction through technology.

The Network Office also has developed a partnership with the East Coast Migrant Head Start Project, which focuses on preparing children of migrant and seasonal farm workers for educational success. A March 2005 professional development workshop, which focused on numbers and operations, was provided as part of the organization's *Administrative Pre-Service* activity.

Individual Network Centers provide a variety of professional development activities, which are responsive to identified educational needs within their respective service regions and which are aligned with the appropriate standards mentioned earlier. Some examples include:

- Advanced Placement (AP) Summer Institutes in Calculus and Statistics
- Inquiry mathematics and science teaching for middle and high school teachers, which addresses successful implementation strategies for the new *NC Standard Course of Study* with emphasis on inquiry, higher order thinking skills, and literacy across the curriculum
- Courses in discrete mathematics, data analysis and probability, and Euclidean geometry to increase teachers' knowledge of these topics, introduce materials that can be adapted for classroom use, and provide effective instructional strategies
- Classroom Science Investigations, which provides teachers with hands-on laboratory experiences and a variety of laboratory techniques
- Worksheets Don't Grow Dendrites: Instructional Strategies That Leave No Child Behind, presented by the nationally known professional development consultant Marcia L. Tate and author of the book with the same title.
- Pre-College Program (PCP) Teacher In-Service Development, monthly in-service program for teachers who provide enrichment classes or lead after-school activities.

NC Math Science Education Network

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1&2	Salaries & Benefits	$354,799	
3	Contractual Personnel Services	$11,055	
4	Total Personnel Services	$365,854	89.88%
5	Building Rent/Lease		
6	Equipment Rental/Lease	$3,838	
7	Travel	$1,100	
8	Telephone/Cellular Phone Service	$6,003	
9	Postage, Printing, Other	$12,554	
10	Total Purchased Services	$23,495	5.77%
11	General Office Supplies	$8,525	
12	R&D / Educational Supplies	$6,381	
13	Total Supplies	$14,906	3.66%
14	Furniture		
15	Computers	$2,800	
16	Other		
17	Total Equipment	$2,800	0.69%
18	Discretionary Grants		
19	Directed Grants		
20	Loans		
21	Other		
22	Total Aid & Public Assistance	$0	0.00%
23	Total Reserves		0.00%
24	Total Other		0.00%
25	Total Budget	$407,055	100.00%

NC TEACH
(North Carolina Teachers of Excellence for All CHildren)

Name of Organization/Program: NC Teach
Funding History

State Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
State Appropriation					
Recurring (R)	-	-	481,262	468,095	475,702
Non-Recurring (NR)				-	-
Other Revenue Sources	-	-	-	-	-
*Actual Year-End Expenditures	-	-	300,369	468,092	475,702
Difference (Cash Balance)	-	-	180,893	3	-

*Projected figures for FY 2004-05

Notes:
FY 2002-03: Governor implemented spending limitations to address budget shortfall

FRS 2-02287 Appropriation

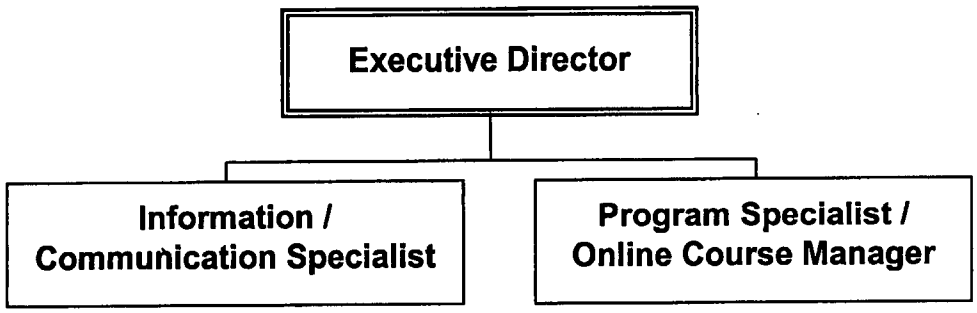
NC TEACH
Other Funding History

Other Funding	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05*
Contracts / Grants / Other Funding	$1,286,277	$1,109,173	$643,665	$380,269	$0
Actual Year-End Expenditures	$1,286,277	$1,109,173	$643,665	$380,269	$0
Difference (Cash Balance)	$0	$0	$0	$0	$0

* Projected figures for FY 2004-05

* NC TEACH expenditures from federal flow through funds from NC DPI

NC TEACH (Teachers of Excellence for All Children)
Organizational Chart



NC TEACH (Teachers of Excellence for All CHildren)

NC TEACH (Teachers of Excellence for All CHildren) is a statewide teacher licensure program for mid-career professionals, developed jointly by the North Carolina State Board of Education and the Board of Governors of the University of North Carolina. It was initially funded from Title II of the Higher Education Act and currently receives state funds. It is a comprehensive program designed to recruit, train, support, and retain highly skilled mid-career professionals who seek to enter the teaching profession. The program utilizes a graduate level problem-based approach focused on what teachers must know and be able to do to teach students using high standards in the context of real classrooms.

RECRUITMENT

NC TEACH utilizes a comprehensive, multi-media statewide marketing and public relations campaign that focuses on increasing the number of applicants and participants, while better reflecting the diversity that exists in the state of North Carolina. Recruitment efforts increased enrollment by approximately 400% in the first four years. Diversity in participants increased from 14% to over 30%. Currently, NC TEACH produces more secondary math and science teachers per year than any other single teacher education program in the state. To date, over 1,300 NC TEACHers are employed in over 150 schools in 85 counties in North Carolina. 82% of the pilot 2004 - 2005 WCU NC TEACH OnLine cohort are now employed.

NC TEACH now recruits for 24 alternative programs at UNC campuses. These are referred to as NC TEACH Affiliate Programs. In addition, NC TEACH distributes information about these programs and offers informational sessions for lateral entry teachers at local school districts upon request. The number of requests for these types of sessions has more than tripled in the past year.

NC TEACH maintains a comprehensive website that includes information on and links to many UNC alternative teacher preparation programs in addition to NC TEACH, all application materials, information about licensure in North Carolina, tips on finding employment, links to host site campuses, links to other educational websites, links to school districts and information about job openings and upcoming career fairs, and resources for new teachers. Recruitment efforts include mailings to all emergency and first year lateral entry teachers in the state, district administrators, human resource divisions; informational sessions at various schools districts and colleges; and sessions at career fairs and related events around the state. Applications, brochures, posters, bookmarks and other related promotional material are distributed from the program office.

Applications increased from 289 in the inaugural year of the program to over 1500 by year three.

Retention rates for the first and second cohort are at 80% after the first year of teaching and at 70% after three years of teaching. These retention rates far exceed national retention rates for lateral entry teachers. By year three of the program, NC TEACH was preparing more secondary math and science teachers than any other single teacher education program in the state.

In year five (2004 – 2005), 343 participants enrolled in the face-to-face NC TEACH program, 25 enrolled in WCU NC TEACH OnLine, and 967 were enrolled in NC TEACH Affiliate Programs at constituent UNC campuses.

Because retention is so closely tied to effective recruitment, the selection process for NC TEACH is rigorous. Students are selected on the basis of their preparation (degree and major), academic ability, commitment to education, and their demonstrated successful work experience of at least 3 years. Applicants must hold an undergraduate degree from an accredited college or university, a degree in an

area relevant to the licensure area they seek and a minimum of a 2.5 cumulative GPA for all post-secondary work. NC TEACH OnLine participants must meet all the above criteria in addition to meeting online readiness qualifications.

Applications are processed either at the central office or the individual host sites depending upon support structures at campuses. Once applicants are accepted, candidates may apply to the MAT program at the host site campus. Participants pay the tuition and fees assessed by the host institution for the 15 – 18 graduate semester hours they will earn through the program.

PROGRAM DELIVERY

NC TEACH offers preparation for licensure in middle grades (6-9) mathematics, science, language arts, and social studies; secondary grades (9-12) mathematics, science, social studies and English; K-12 Second Language (Spanish, French); and K-12 Special Populations. The program is currently hosted at ECU, ECU-Onslow County, ECU-Johnston County, UNCW, UNCW – Onslow County, FSU, FSU-Duplin County, NCCU, NCSU, UNCCH, UNCG, WCU, WSSU, and Lenoir Rhyne College. The program takes a minimum of 12 months to complete and includes a formal orientation, an intensive Summer Institute (5 weeks) prior to entering the classroom, and fall and spring semesters. Two sites now offer NC TEACH during evenings and weekends. Faculty and master teachers lead the Summer Institute, which focuses on understanding children and young adults as learners, lesson planning, classroom management, instructional technology, student learning/assessment, strategies for student success, understanding state and local contexts for public education, parental involvement, and the North Carolina Standard Course of Study. Once participants complete the Summer Institute, they are granted a provisional license, which certifies them to teach in North Carolina public schools. NC TEACHers must assume primary responsibility for securing a teaching position. During the academic year NC TEACHers attend monthly seminars/course sessions that focus on continued professional development and the realities of today's classroom, team building and problem solving skills, and authentic assessment.

NC TEACH OnLine, a completely online version of the NC TEACH face-to-face model was piloted at WCU in 2004 – 2005. 25 participants enrolled in the program and 23 are scheduled to complete it in April 2005. Plans are currently underway for three NC TEACH OnLine sites (WCU, FSU, and UNCP) for 2005 – 2006.

A panel of sixty-five members consisting of master teachers and university faculty developed the NC TEACH curriculum that is taught at the host site campuses. Instructors at all sites work from a common syllabi, master schedule, lesson guides, and resource list. The NC TEACH curriculum has gone through three cycles of revision for more effective implementation. The curriculum has been integrated into numerous other alternative licensure programs at UNC campuses.

ADVISING/ SUPPORT AND MENTORING

Before or during the NC TEACH Summer Institute, the host site campus develops an individualized program plan of study (IPP) for each participant. If a participant is deficient in content courses for his/her licensure area, these courses will be listed on the IPP. When a participant successfully completes the NC TEACH Summer Institute, Fall and Spring semesters, has passed the PRAXIS content examination in their licensure area, and has no deficiencies in content courses, he/she is recommended for a clear initial license. Each individual host site determines which and how many content courses are required for a licensure area; therefore, the IPPs for a given licensure area may vary widely. During the first two years of employment, mentoring is provided by the employing school system and additional support and mentoring is available through the master teachers and faculty that assist in implementing the NC TEACH program. Mentoring at host sites varies and may include weekly seminar discussions, continued academic advisement, on-line discussion forums, praxis exam preparation, and on site (school) supervision by faculty, master teachers and retired teachers.

NC TEACH

Budgeted Expenditures

FY 2004-05

	Types of Expenditures	Requirements	% of Total Budget
1&2	Salaries & Benefits	$187,880	
3	Contractual Personnel Services	$10,200	
4	Total Personnel Services	$198,080	41.64%
5	Building Rent/Lease		
6	Equipment Rental/Lease		
7	Travel	$9,000	
8	Telephone/Cellular Phone Service	$10,000	
9	Advertising, Printing, Postage, Etc	$77,577	
10	Total Purchased Services	$96,577	20.30%
11	General Office Supplies	$2,000	
12	R&D / Educational Supplies		
13	Total Supplies	$2,000	0.42%
14	Furniture		
15	Computers	$5,315	
16	Other		
17	Total Equipment	$5,315	1.12%
18	Discretionary Grants		
19	Directed Grants	$173,730	
20	Loans		
21	Other		
22	Total Aid & Public Assistance	$173,730	36.52%
23	Total Reserves		0.00%
24	Total Other		0.00%
25	Total Budget	$475,702	100.00%

Joint Appropriations Subcommittee on Education

Agenda

Wednesday, March 30, 2005, 8:30 A.M.

Room 421, Legislative Office Building

Senator Lucas, Presiding

I. Welcome

II. UNC Structure/Management Flexibility

Richard Bostic, Fiscal Research Division

III. UNC Base Budget/Facility Reserves

Richard Bostic, Fiscal Research Division

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

Minutes
Joint Appropriations
Subcommittee on Education

March 30, 2005

The Joint Appropriations Education Subcommittee held it's meeting on Wednesday, March 30, 2005 in Room 421 of the Legislative Office Building at 8:30 a.m. There were four Senators present. The following Representatives were present: Chairs: Maggie Jeffus, Joe Tolson, Members – Representatives: Ray Rapp, Larry Bell, George Cleveland, Susan Fisher, Carolyn H. Justice, Earline W. Parmon, and Louis M. Pate Jr.

The Education Fiscal Research Division was in attendance. A visitor registration list, Sergeant at Arms list, House Page list, Agenda, member attendance sheet and handouts from Mr. Richard Bostic are made part of these minutes.

Mr. Richard Bostic, Education Fiscal Research Division, was recognized to explain UNC Structure/Management Flexibility and UNC Base Budget/Facility Reserves. (Copy attached)

Questions from the committee members were raised and answered.

There being no further business the chair adjourned the meeting at 9:15 a.m.

Jeanne H. Lucas
Senator Jeanne H. Lucas, Presiding

Tonia Butler Perez
Tonia Butler Perez, Committee Assistant

Richard

WHAT IS UNC?

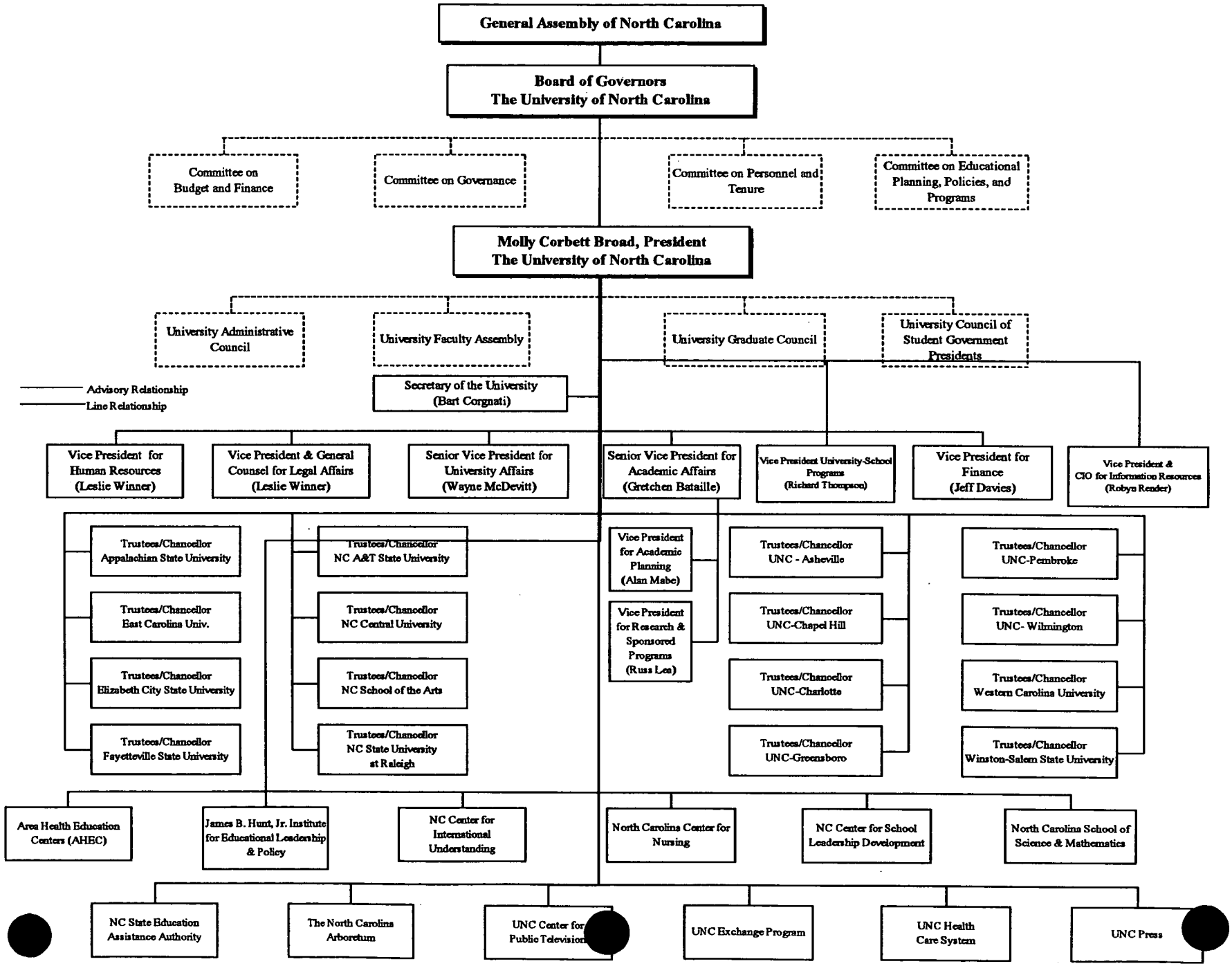


NC General Assembly

Joint Legislative Appropriations Subcommittee on Education

March 30, 2005

ORGANIZATION OF THE UNIVERSITY OF NORTH CAROLINA
2005



Classification of UNC Institutions in the Carnegie Classification System

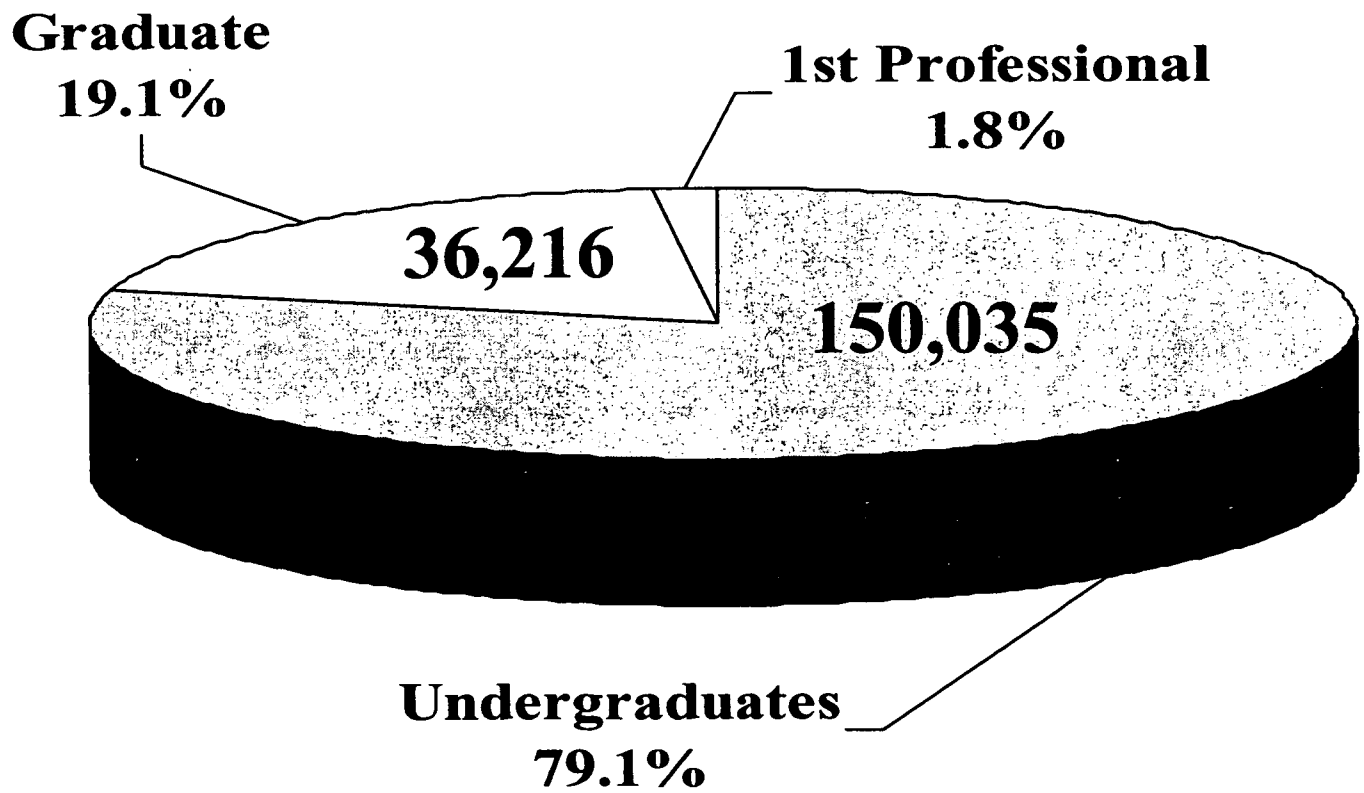
- **Specialized institutions:**
  - North Carolina School of the Arts
- **Liberal Arts Institute**
  - Univ. of North Carolina at Asheville
- **Baccalaureate Colleges – General:**
  - Elizabeth City State University
  - Winston-Salem State University
- **Master's (Comprehensive) Colleges and Universities I:**
  - Appalachian State University
  - Fayetteville State University
  - North Carolina Central University
  - University of North Carolina at Pembroke
  - University of North Carolina at Wilmington
  - Western Carolina University
- **Doctoral/Research Universities – Intensive:**
  - East Carolina University
  - North Carolina Agricultural and Technical State University
  - University of North Carolina at Charlotte
  - University of North Carolina Greensboro
- **Doctoral/Research Universities – Extensive:**
  - North Carolina State University
  - University of North Carolina at Chapel Hill

University of North Carolina

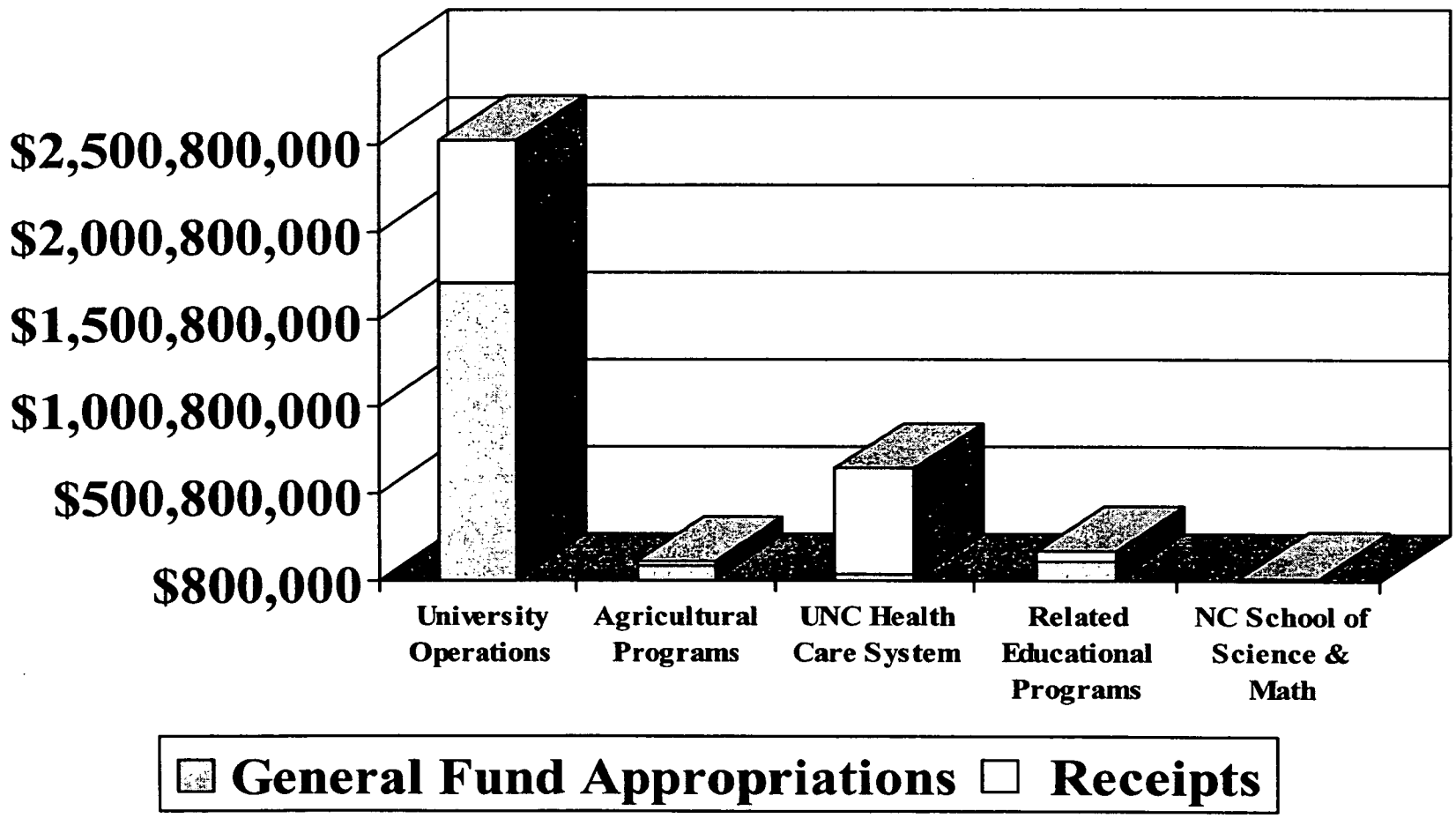
Campus	Authorized 2004-05 G.F. Budget	Fall 2004 Student Headcount
Appalachian State University	$91,472,679	14,653
East Carolina Univ.-Academic Affairs Only	$147,661,619	22,767
Elizabeth City State University	$25,858,276	2,470
Fayetteville State University	$38,653,124	5,441
NC A&T State University	$76,158,016	10,383
North Carolina Central University	$53,281,928	7,727
NC School of the Arts	$20,545,094	788
NCSU - Academic Affairs Only	$284,471,319	29,957
UNC - Asheville	$27,124,880	3,574
UNC - Chapel Hill - Academic Affairs Only	$205,241,443	26,878
UNC - Charlotte	$115,634,704	19,845
UNC - Greensboro	$107,638,521	15,329
UNC - Pembroke	$38,200,236	5,027
UNC - Wilmington	$64,324,585	11,574
Western Carolina University	$58,856,062	8,396
Winston-Salem State University	$43,350,007	4,805
Total	**$1,398,472,493**	**189,614**

Undergraduate and Graduate Student Headcount

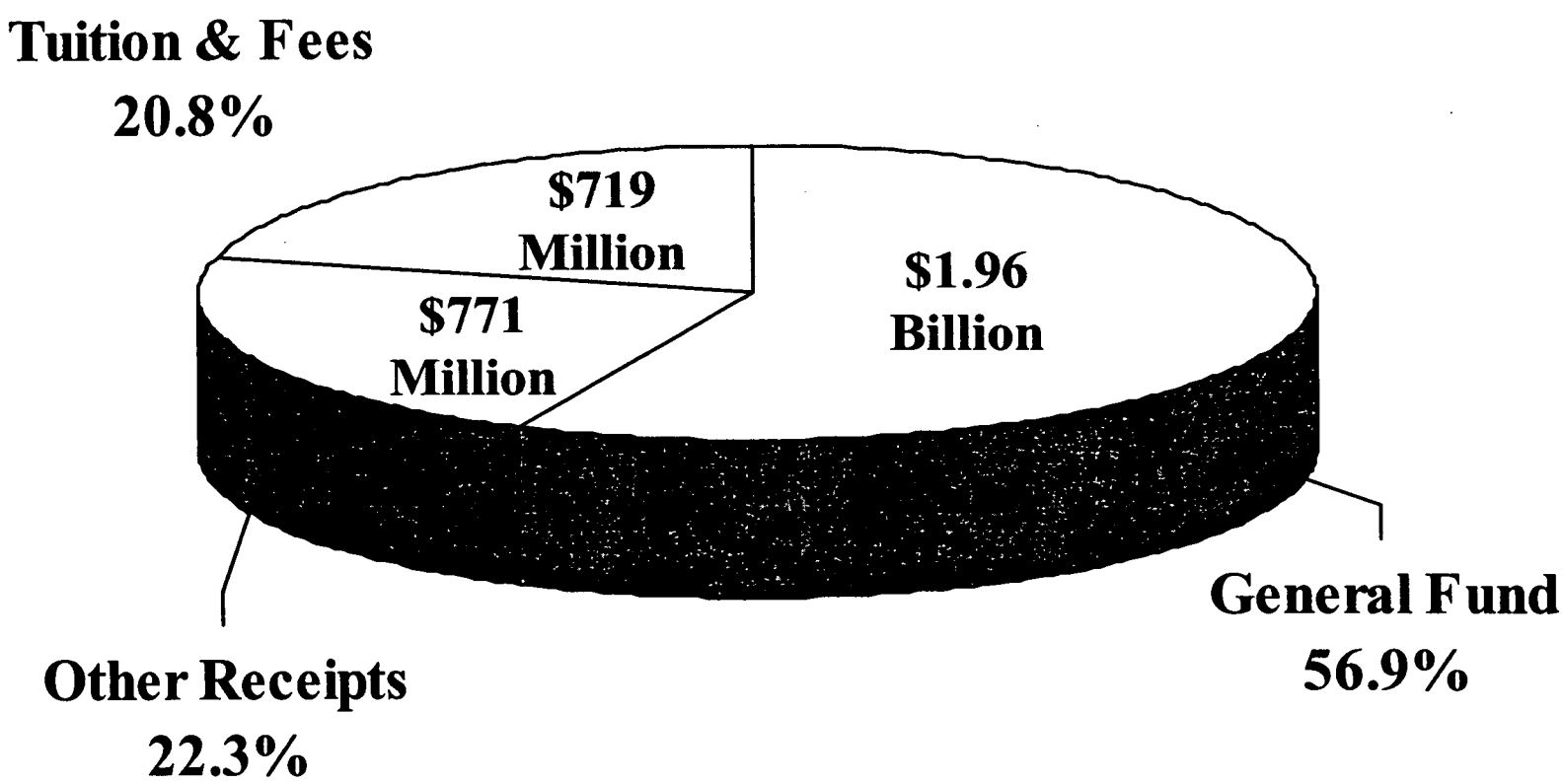
Fall 2004



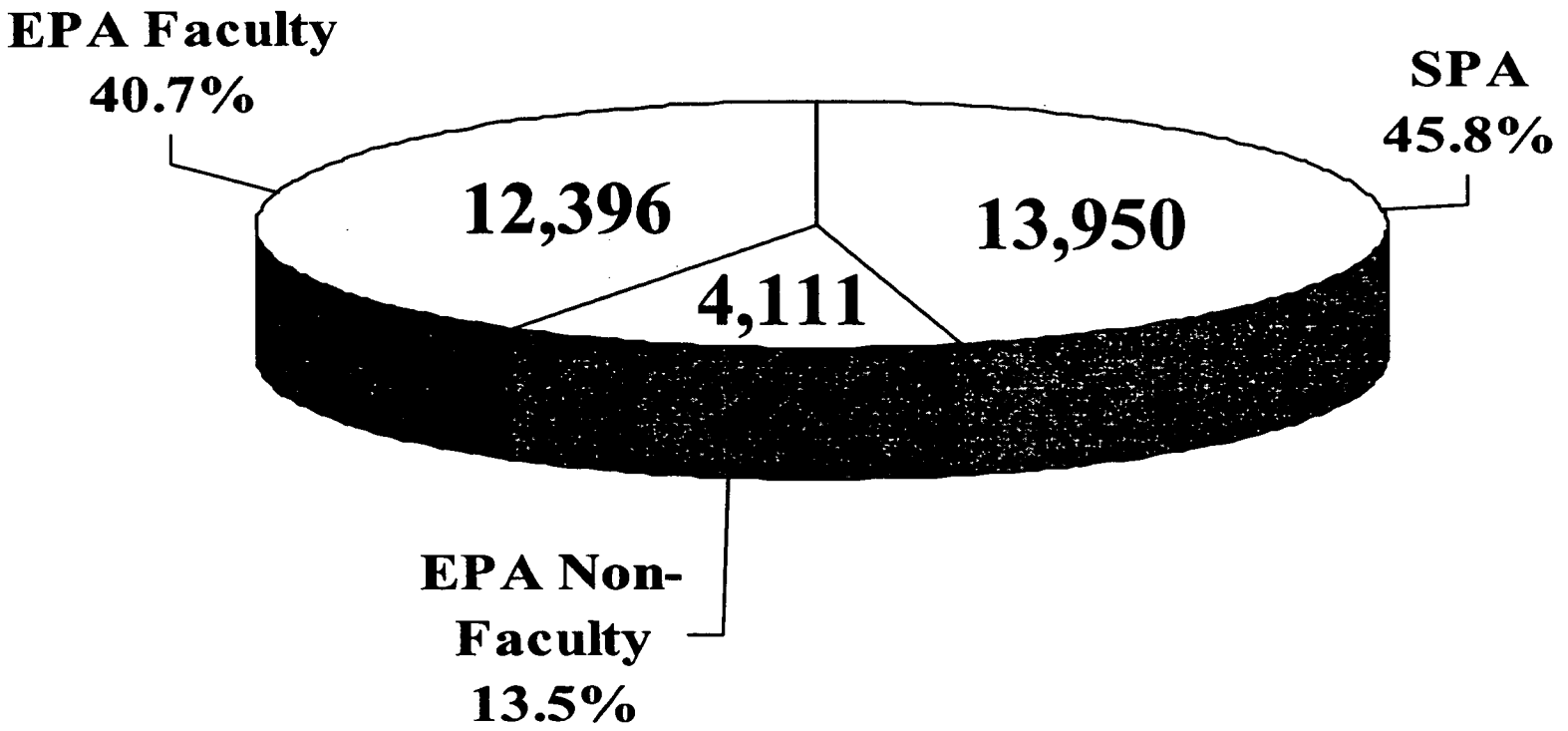
FY 2004-05 Operating Budget



UNC FY 2004-05 Operating Revenues



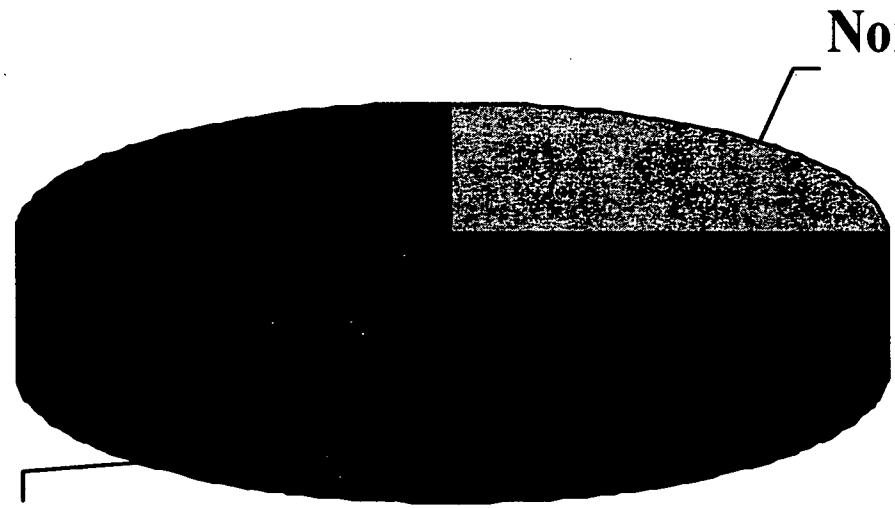
UNC FTE Positions 2004-05



SPA: Subject to the Personnel Act / **EPA**: Exempt from the Personnel Act

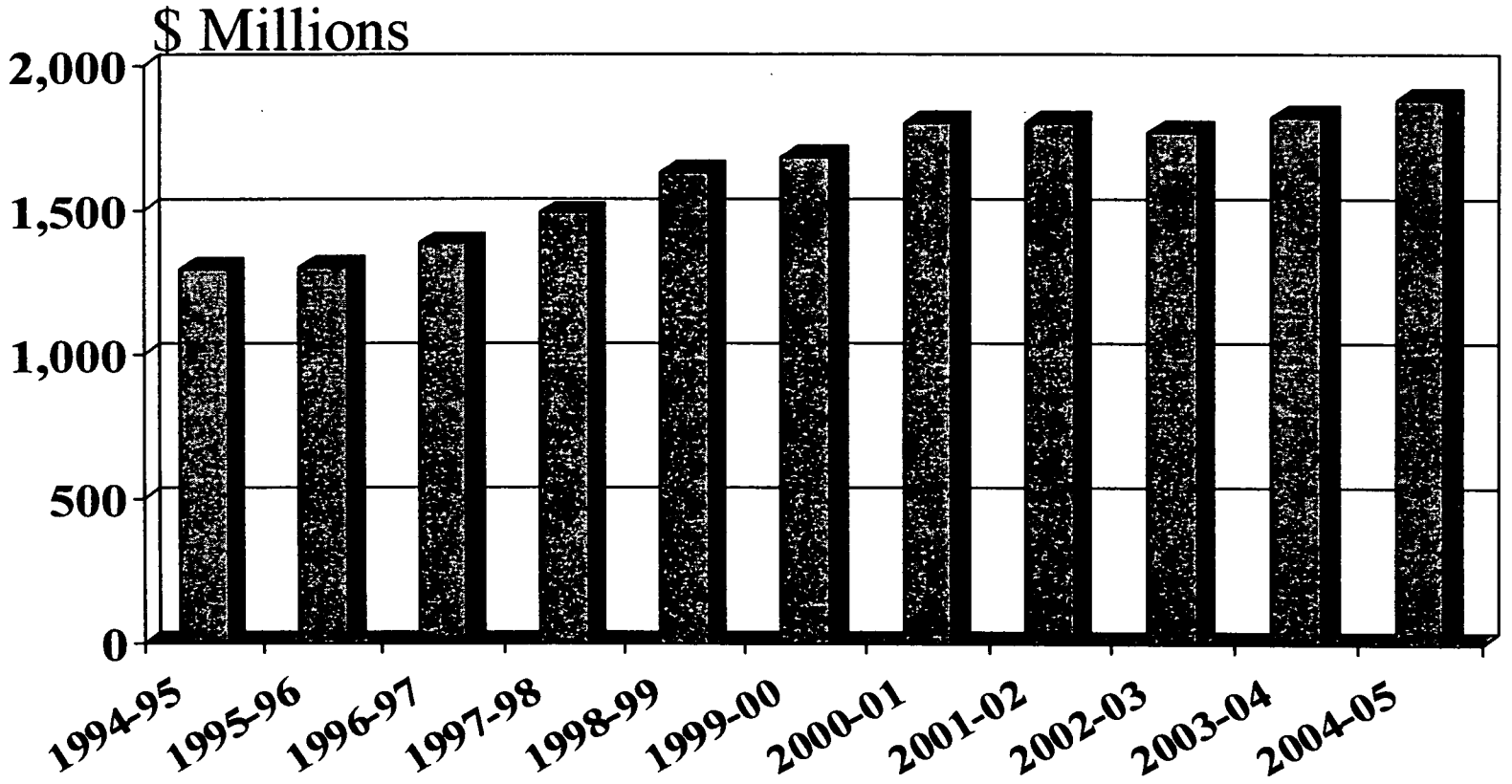
UNC Budget Salary and Benefits as % of UNC General Fund Budget

2004-05

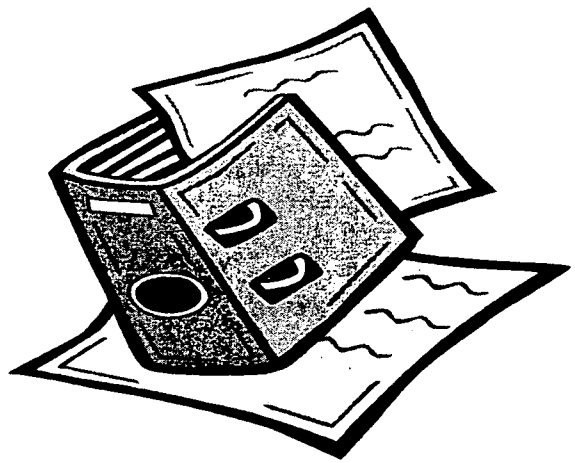


Appropriations for University General Fund Operating Budgets

10 Year History



UNC BUDGET PRINCIPLES



SPECIAL RESPONSIBILITY CONSTITUENT INSTITUTION

- Enacted in 1991 as part of the Budget Act
- If a campus has sufficient management staff and internal financial controls, the Board of Governors may designate the campus as a "special responsibility constituent institution" (SRCI)

BENEFITS OF BEING A SRCI

- General Assembly appropriates a lump sum to the institution
- Institution may carry forward 2.5% of reversions for one-time expenditures
- Institution may spend overhead receipts
- Institution may establish and abolish positions
- May purchase equipment valued at up to $500,000 without P & C
- These powers often referred to as "Management Flexibility"

WHO IS DESIGNATED SRCI

- All 16 campuses achieved SRCI status by 1993
- UNC General Administration (Office of the President, UNC-TV, SEAA) was given SRCI status in 1999
- The NC School of the Science and Math received SRCI status in 2001

HOW IS SCRI STATUS MAINTAINED?

- Office of the President annually reviews State Auditor financial and performance reports and campus management flexibility reports.

- Negative audit findings require a school to develop a corrective action plan and make satisfactory progress to correct problems within 90 days.

REVOKING SRCI

- The Board of Governors can revoke SRCI.
- When SRCI status revoked it may not be reinstated until the next fiscal year at the earliest

- Withdrawal or reinstatement of SRCI must be reported to the Joint Legislative Education Oversight Committee

WHO HAS LOST SRCI

- The Board of Governors has never formally revoked SRCI.
- The Board has inserted a member of the Office of the President finance team or a consultant into Fayetteville State University, Winston-Salem State University and the NC School of the Arts.

REPORTS TO THE GENERAL ASSEMBLY

- Board of Governors report operating results annually on March 31
- Recent reports have discussed forced reversions

2000-01	$32 million (1.91% of GF approp.)
2001-02	$144.1 million (9.06% of GF approp.)
2002-03	$77.3 million (4.9% of GF approp.)
2003-04	$31.7 million (1.7% of GF approp.)

- Allowed to carry forward only $2 million from FY 03-04

FY 03-04 BUDGET ACTIONS

- $97.4 million in lapsed salary funds reallocated for one-time expenses
- $27.7 million in permanent reallocations resulted in 382 positions established and 219 positions abolished = net 163
- 583 positions vacant nine months or more
  - 170 held open to meet operating needs
  - 157 open due to recruitment issues
  - Others held open for reversion requirements, reorganizations, etc.

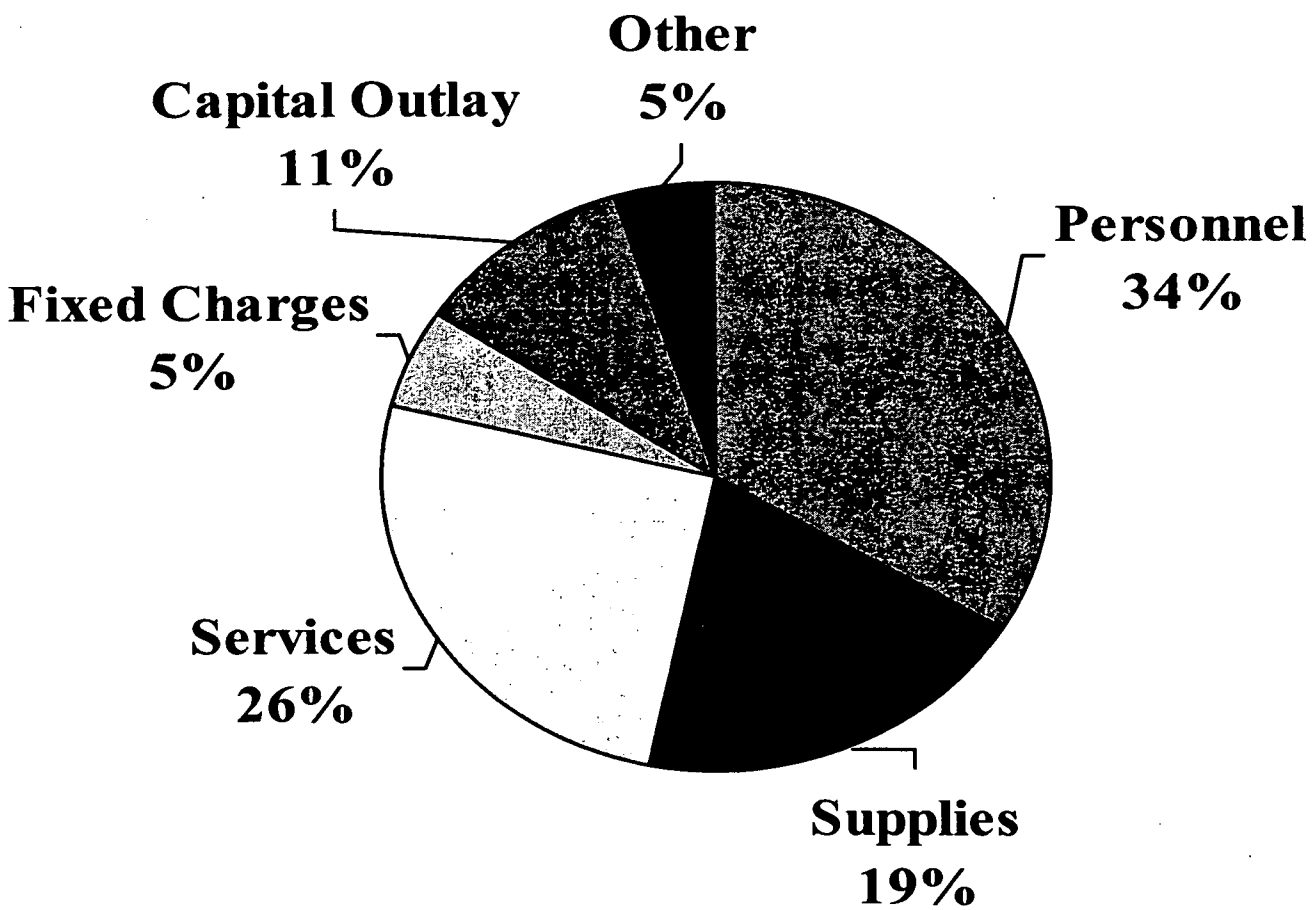
MANAGEMENT FLEXIBILITY TO HANDLE BUDGET CUTS

- Recent budget reductions

2001-02	$32.3 million
2002-03	$50.2 million
2003-04	$47.9 million R and $13.9 million NR
2004-05	$23.4 million

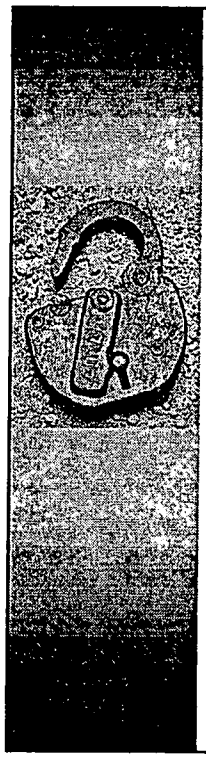
- Forced to revert an additional $13.3 million in FY 04-05 (.75% of budget)

FY 04-05 BUDGET REDUCTION



FY 04-05 RESULTS

- Elimination of 86 positions (65 in instructional areas)
  - Larger class size
  - Reduced course selection
  - More part-time and adjunct faculty
- Cuts to Library Services
  - Reduced hours
  - Decreased availability of materials
  - Outdated books and journals
- Cuts to Equipment Purchases and Repairs
  - Aging computer and technological equipment
  - Diminished ability to maintain and repair equipment, building sandgrounds

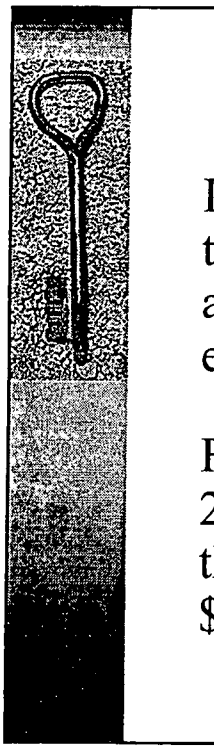


Special Review

North Carolina School of the Arts

North Carolina State Auditor Ralph Campbell

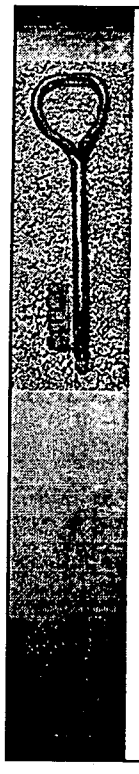
September 2004



Introduction

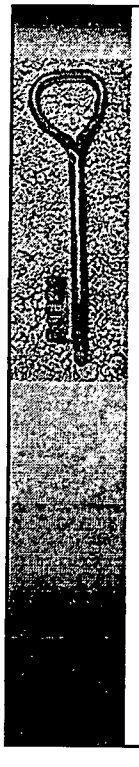
In the fall of 2003, the School of the Arts enrolled 1,074 students and employed about 400 full-time employees, including faculty.

For the fiscal year ended June 30, 2003, the state appropriation to the School of the Arts was $15,917,599.



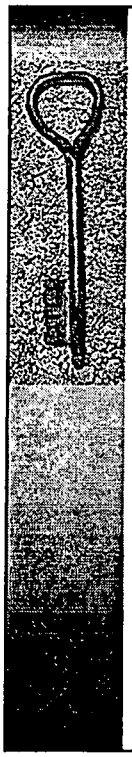
During the annual financial audit for the fiscal year ended June 30, 2003, auditors discovered excessive overtime payments and other special payments to employees and requested assistance from the State Auditor's Investigative Audit Division.

N.C. Office of the State Auditor



Investigative Audit Findings

N.C. Office of the State Auditor

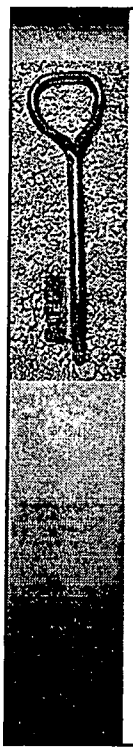


Finding 1

NCSA reclassified an employee's position twice without approval from the University of North Carolina Office of the President and the Office of State Personnel.

Recommendation

NCSA should comply with all UNC and State personnel Policies and Procedures concerning personnel actions.

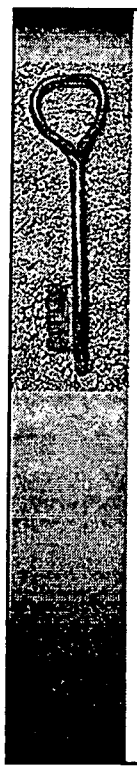


Finding 2

From May 2001 through September 2003, NCSA paid a personnel analyst $69,112.34 for overtime without proper documentation. Auditors determined that $22,753.21 was paid as a result of incorrect calculations.

Recommendation

NCSA should ensure that proper documentation is maintained to support the payment of overtime, including evidence that overtime hours are recorded accurately and authorized by supervisory personnel. NCSA should consult with the NC Attorney General concerning the reimbursement of the overpayment.

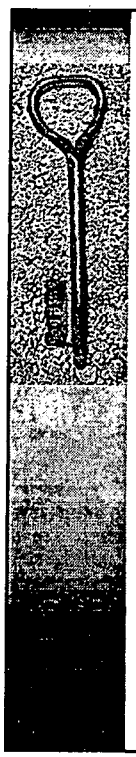


Finding 3

From December 2001 through January 2004, NCSA overpaid a personnel assistant $5,265.32 due to incorrect overtime calculations.

Recommendation

NCSA should ensure that proper documentation is maintained to support the payment of overtime, including evidence that overtime hours are calculated accurately and authorized by supervisory personnel. NCSA should consult with the NC Attorney General concerning the reimbursement of the overpayment.

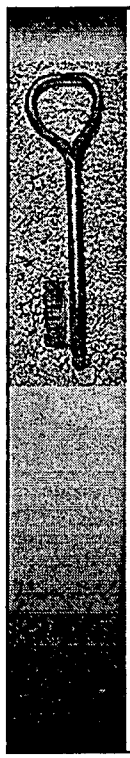


Finding 4

NCSA made special one-time payments to 20 SPA and EPA employees totaling $53,325.00. These payments violated State Personnel policies and Fair Labor Standards Act regulations.

Recommendation

NCSA should not make special payments to ineligible employees. NCSA should comply with all state and federal regulations concerning overtime, dual employment and special appointments.

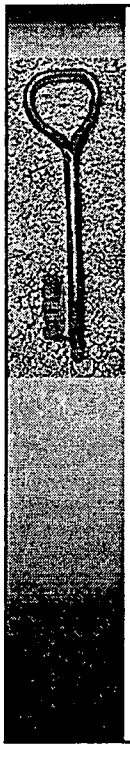


Finding 5

A personnel analyst approved personnel actions, including overtime and one-time special payments for her sister.

Recommendation

NCSA employees should not be involved in the authorization or approval of payroll changes or any personnel action for immediate family members.

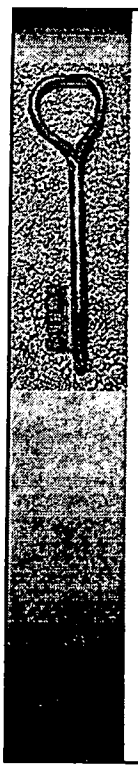


Finding 6

Employees appear to be abusing an employee loan program by using it as a revolving line of credit, exceeding allowed loan amounts and failing to repay loans within required time limits.

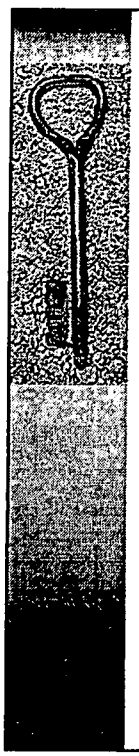
Recommendation

NCSA management should enforce the loan fund guidelines regarding legitimate use of loan funds, timely repayment of loans and allowable loan amounts.



Organizations Affiliated with the School of the Arts

- North Carolina School of the Arts Foundation, Inc.
- North Carolina School of the Arts Program Support Corporation
- NCSA Unity Development Corporation
- NCSA Housing Corporation

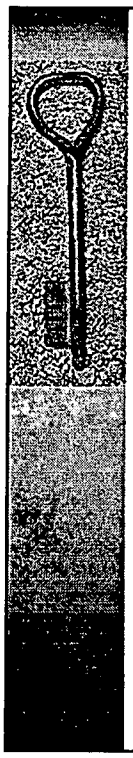


Finding 7

State and Foundation funds were used to improperly fund three discretionary accounts without authorization from the Foundation Board of Directors. Expenditures from the funds included car lease payments, country club dues, employee gifts, and travel.

Recommendation

Someone independent of the Vice Chancellor for Finance and Administration should be appointed to manage the operations of the Foundation. In addition, the Foundation should consult with legal counsel regarding any possible reimbursement.



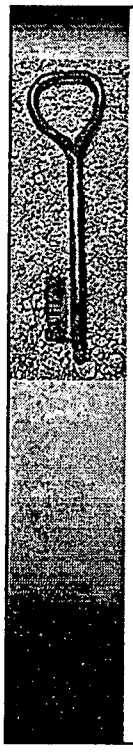
Finding 8

The Vice Chancellor for Finance and Administration received in excess of $90,000 over 13 years from the NCSA Foundation, Inc. in violation of University of North Carolina policies. In addition, the Foundation Controller misled auditors concerning payments to the Vice Chancellor for Finance and Administration.

Recommendation

The Foundation should stop paying expense allowances, and instead reimburse NCSA employees directly for expenses incurred while conducting Foundation activities.

N.C. Office of the State Auditor



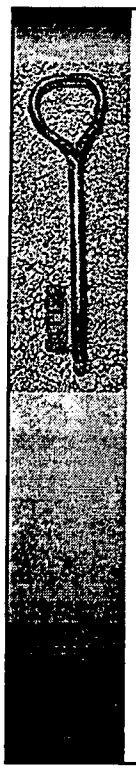
Finding 9

The Vice Chancellor for Finance and Administration negotiated a deal with the Department of Transportation, then transferred land without authorization from the Foundation's Board of Directors, resulting in the diversion of $108,000 to the NCSA Program Support Corporation.

Recommendation

The North Carolina School of the Arts Foundation should seek reimbursement for the $108,000 diverted to the NCSA Program Support Corporation.

N.C. Office of the State Auditor

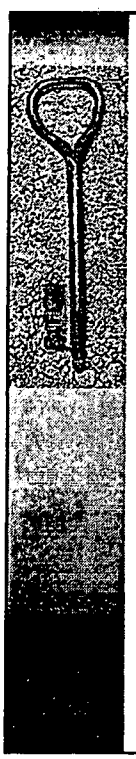


Finding 10

The Vice Chancellor for Finance and Administration diverted $177, 945 to the NCSA Program Support Corporation through the transfer of ownership and subsequent disposition of five Foundation properties.

Recommendation

The North Carolina School of the Arts Foundation should seek reimbursement for the $177,945 diverted to the NCSA Program Support Corporation.

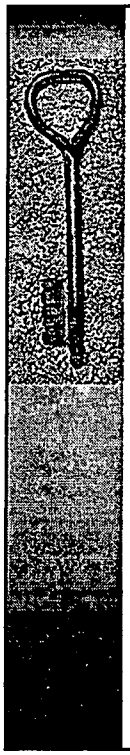


Finding 11

The Vice Chancellor for Finance and Administration and the Dean of the School of Filmmaking received over $67,000 during a 10-month period for services provided to an organization affiliated with NCSA in violation of a University of North Carolina policy.

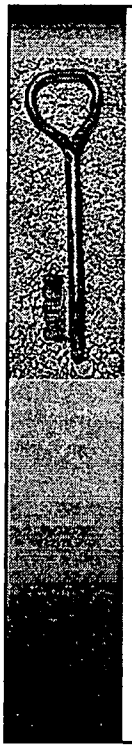
Recommendation

The North Carolina School of the Arts should implement management controls to ensure compliance with University of North Carolina policies concerning compensation of senior administrative and academic officials.



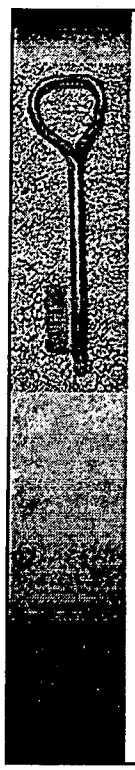
Conclusion

- The eleven findings in this report reveal:
  - •Violations of State and University of North Carolina personnel regulations and poor administrative controls.
  - •Transactions involving the transfer of funds and property into undisclosed discretionary accounts and related organizations without authorization.



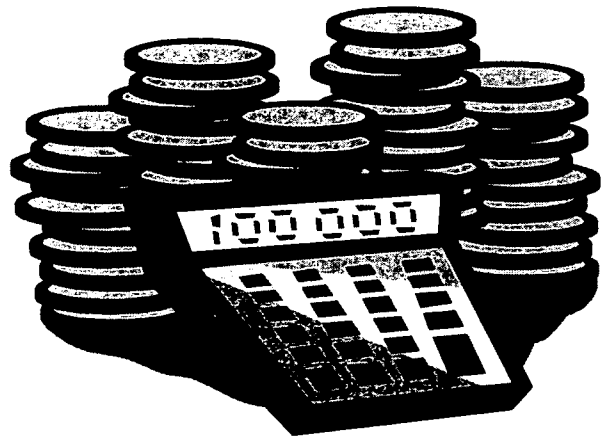
Conclusion

- The UNC Office of the President should review whether the School of the Arts should be allowed to continue exercising budget flexibility.
- UNC should require each of the 16 universities to identify all foundations and related organizations and provide the UNC Board of Governors with a report of their activities, including revenues and expenditures.



Questions?

UNC BASE BUDGET



NC General Assembly

Joint Legislative Appropriations Subcommittee on Education

March 30, 2005

UNC Budget Adjustments

FY 2004-05 Authorized Budget	$1,960,001,268
Remove One-Time Appropriations for equipment and motor vehicles	($6,155,225)
Remove NR appropriation from FY 04-05	($4,200,000)
Allow operating reserves for buildings that will open in FY 05-06 and annualized reserves that were partially funded in 04-05	$36,077,192
Reduce receipts primarily by switching $23.4 million in need based financial aid from the Escheat Fund back to the General Fund as instructed by a 2003 budget provision	$22,537,072

BASE BUDGET (continued)

Allow inflationary increases for utilities: Water and sewer 6.1% Electricity 5.1% Natural gas/propane 6.1% Fuel Oil 5.0%	$8,044,394
Allow replacement of high mileage vehicles and aging equipment	$2,709,688
Allow inflationary increases for library books and journals	$1,795,999
Allow inflationary increases for supplies and purchased services, and make adjustments for leases and other contractual services	$2,990,362
Adjust Personnel Budget for retirement, longevity, and medical insurance	$521,692
FY 05-06 Continuation Budget	$2,024,332,442

FY 05-06 Base Budget

Agency/Institution	2004-05 Authorized Appropriation	Personal Services	Utilities	Library Books	Motor Vehicles/ Equipment	Remove One Time Approp.	Other Expenses	Reserves	Receipts	2005-06 Appropriation
UNC-GA	$46,985,824	$16,809	$169,146		$86,000		$69,352	$190,706	$7,500	$47,510,337
UNC-GA, Institutional Programs	20,367,137					(4,200,000)	$0			16,167,137
UNC-GA, Related Ed. Programs	110,431,060	30,298					$1,706,761		(23,430,048)	135,598,167
UNC-CH - Academic Affairs	205,241,443	278,997		380,328	97,500	(387,798)	$0	1,956,170	(17,100)	207,583,740
UNC-CH - Health Affairs	158,463,570	(178,169)		83,462	19,500	(121,518)	$0	7,981,382	(13,500)	166,261,727
UNC-CH - AHEC	44,783,275	(39,853)					$0			44,743,422
NCSU - Academic Affairs	284,439,881		2,806,471	221,722	128,687	(777,456)	$171,824	7,942,645	(63,380)	294,997,154
NCSU - Ag Research	46,371,067		58,998		206,688	(739,180)	$0	197,246	(56,379)	46,151,198
NCSU - Ag Extension	36,312,293		25,983		179,000	(135,882)	$570		6,800	36,375,164
UNC-G	108,125,498	67,075	410,091	187,298			$14,409	954,795	103,341	109,655,825
UNC-C	115,605,243	34,417	317,483	137,460	19,904	(26,000)	$31,069	2,885,328	1,000	119,003,904
UNC-A	27,090,900	2,585	117,404	40,945	133,081	(230,308)	$1,187	524,246	(8,250)	27,688,290
UNC-W	64,385,287	29,151	227,960	105,536	62,900	(157,460)	$0	1,582,359	119,587	66,116,146
ECU - Academic Affairs	147,101,883	(42,750)	2,382,620	207,844	105,230	(232,201)	($148)	3,814,602	882,945	152,454,135
ECU - Health Affairs	44,698,749	(17,927)		62,749	(51,857)		$0		(3,000)	44,694,714
NC A&T	75,597,262		A	B	85,000	(257,200)	$0	957,795	(6,164)	76,389,021
WCU	59,072,253	214,444	768,478	20,757	149,166	(199,667)	$0	897,901	(1,811)	60,925,143
ASU	91,248,639		176,866	117,176	92,609	(608,263)	$770	2,054,036	(9,580)	93,091,413
UNC-P	38,444,895	20,062	151,127	44,923	208,941	(93,300)	$0	509,610	(2,400)	39,288,658
WSSU	43,302,203	8,136	(34,122)		68,400	(73,500)	$0	387,516	27,305	43,631,328
ECSU	25,817,638	26,299	102,172	25,876	186,708	(192,530)	$235,423	784,280	30,763	26,955,103
FSU	38,789,137	39,020		48,678	110,215	(74,050)	$26,607	553,907	7,000	39,486,514
NCCU	53,211,573	15,188	281,588	111,245	46,000	(143,271)	$0	1,055,494		54,577,817
NCSA	20,714,158	17,910	82,129		568,542	(1,640,641)	$293,832	847,174	(110,101)	20,993,205
NCSSM	13,772,640				207,474	(65,000)	$438,706		(1,600)	14,355,420
UNC-Hospitals	39,627,760						$0			39,627,760
Totals	**$1,960,001,268**	**$521,692**	**$8,044,394**	**$1,795,999**	**$2,709,688**	**($10,355,225)**	**$2,990,362**	**$36,077,192**	**($22,537,072)**	**$2,024,322,442**

A= OSBM omitted $17,786 for utilities

B = OSBM omitted $75,765 for Library books

One Time Appropriations Removed

- Non recurring funds appropriated by 2004 General Assembly
  - Distinguished Professor Endowment $2 million
  - Schools Attuned program $500,000
  - Coastal Studies Institute $1.3 million
  - Morehead Planetarium $200,000
  - Distance Education Project $200,000
- $6.2 million in equipment funds appropriated for FY 00-01 and FY 04-05

2000 Higher Education Bonds

- Voters approved $2.5 billion in UNC bonds in 2000
- Bonds will fund 316 projects on all campuses plus UNC-TV, NC Arboretum, and School of Science and math
- Bond projects broken down into 547 project bid packages
- As of December 2004, the status of the bid packages was as follows:
  - 130 were in design phase (23.8%)
  - 175 were in construction phase (32%)
  - 205 were complete (37.5%)
  - 37 not yet begun (6.7%)

The University of North Carolina
Bond Project Status Overview - December 2004 Data
Contractual Commitments from Bond Funds

Institution	# of Projects per Bond List*	# of Project Bid Packages*	Total Dollar Value	In Design Phase				In Construction Phase				Complete				Land Acquisitions	
				$	%	#	%	$	%	#	%	$	%	#	%	$	%
Appalachian State University	13	23	$ 87,406,200	$ 5,155,108	5.90%	3	13.04%	$ 58,203,378	66.59%	7	30.43%	$ 14,673,627	16.79%	11	47.83%	$ 829,300	0.95%
East Carolina University	13	23	190,609,500	8,238,041	4.32%	3	13.04%	72,294,581	37.93%	7	30.43%	74,770,180	39.23%	12	52.17%	7,667,248	4.02%
Elizabeth City State University	19	21	46,296,800	3,087,075	6.67%	7	33.33%	20,851,078	45.04%	4	19.05%	4,540,710	9.81%	5	23.81%	0	0.00%
Fayetteville State University	17	25	46,021,400	1,949,599	4.24%	8	32.00%	15,241,766	33.12%	9	36.00%	2,356,709	5.12%	6	24.00%	Not Applicable	N/A
North Carolina A&T State University	21	37	161,800,091	9,382,594	5.80%	6	16.22%	65,520,187	40.49%	14	37.84%	25,016,009	15.46%	14	37.84%	6,081,437	3.76%
North Carolina Central University	23	42	121,246,203	7,783,223	6.42%	6	14.29%	63,385,125	52.28%	24	57.14%	5,852,674	4.83%	7	16.67%	1,733,376	1.43%
North Carolina School of the Arts	12	11	42,547,500	547,176	1.29%	2	18.18%	4,427,691	10.41%	3	27.27%	24,515,759	57.62%	4	36.36%	2,602,802	6.12%
North Carolina State University	40	103	468,256,655	19,774,352	4.22%	23	22.33%	155,025,256	33.11%	23	22.33%	105,787,964	22.59%	49	47.57%	1,377,975	0.29%
UNC-Asheville	9	12	50,464,200	3,052,742	6.05%	4	33.33%	4,800,743	9.51%	1	8.33%	13,440,950	26.63%	7	58.33%	Not Applicable	N/A
UNC-Chapel Hill	49	87	510,539,075	31,762,142	6.22%	33	37.93%	209,573,427	41.05%	33	37.93%	78,268,849	15.33%	21	24.14%	1,338,342	0.26%
UNC-Charlotte	15	22	190,033,501	11,725,472	6.17%	5	22.73%	134,942,975	71.01%	10	45.45%	25,793,710	13.57%	7	31.82%	Not Applicable	N/A
UNC-Greensboro	17	26	166,008,255	7,411,035	4.46%	5	19.23%	44,893,398	27.04%	7	26.92%	43,071,973	25.95%	10	38.46%	3,113,921	1.88%
UNC-Pembroke	17	15	56,873,600	2,453,348	4.31%	6	40.00%	12,391,630	21.79%	6	40.00%	21,045,734	37.00%	2	13.33%	Not Applicable	N/A
UNC-Wilmington	18	31	109,201,800	7,225,028	6.62%	7	22.58%	27,873,387	25.52%	8	25.81%	5,553,805	5.09%	13	41.94%	2,100,000	1.92%
Western Carolina University	15	27	100,336,744	5,634,363	5.62%	8	29.63%	33,256,419	33.14%	7	25.93%	22,738,209	22.66%	11	40.74%	0	0.00%
Winston-Salem State University	13	26	46,786,581	1,242,016	2.65%	2	7.69%	16,145,822	34.51%	10	38.46%	16,302,793	34.85%	14	53.85%	Not Applicable	N/A
UNC Center for Public Television**	2	6	65,890,600	0	0.00%	0	0.00%	28,170,366	42.75%	0	0.00%	8,994,347	13.65%	6	100.00%	Not Applicable	N/A
NC School of Science and Math	2	4	5,163,000	0	0.00%	0	0.00%	0	0.00%	0	0.00%	5,163,000	100.00%	4	100.00%	Not Applicable	N/A
The NC Arboretum	1	6	9,331,700	362,807	3.89%	2	33.33%	1,614,984	17.31%	2	33.33%	1,966,000	21.07%	2	33.33%	Not Applicable	N/A
Reserve – For Repairs and Renovations and Cost Overruns			25,186,595														
Total	316	547	$2,500,000,000	$126,786,121	5.07%	130	23.77%	$968,612,213	38.74%	175	31.99%	$499,853,002	19.99%	205	37.48%	$26,844,401	1.07%

*The number of projects undertaken by the institutions differs from the number as listed in the bond legislation because projects are in some instances combined or separated into multiple phases. The percentages reported are based on the number of bid packages being prepared by the institution in order to give a more accurate progress picture.
The number of projects listed based on legislation, reflects the original 316 items with adjustments approved through scope change requests.
**With no construction projects in progress, a dollar commitment continues to be reported reflecting the related equipment purchases currently on order and required to complete the digital conversion project. Additional equipment will be ordered as this technology stabilizes.
Construction Manager at Risk preconstruction fee is listed under "Construction" column and will reflect a project count when a Gross Maximum Price contract is executed.

12/20/2004

Facility Reserves

- FY 05-06 Base Budget includes $36.1 million
  - Reserves for 88 new buildings
  - Adjustments to reserves for 38 buildings completed in 04-05
- Model determines cost of maintaining and operating new facilities

Facility Reserve Model - Positions

- Personnel (499 new positions in FY 05-06)
  - 1 housekeeper for every 18,000 square feet
  - 1 supervisor for every 12 housekeepers
  - 1 Maintenance Mechanic IV for every 25,000 sq. ft.
  - 1 Police Officer for every 100,000 sq. ft.
  - 1 General Utility Worker for every 57,000 sq. ft.
  - 1 EH&S Officer for every 300,000 sq. ft.
  - 1 IT (Infrastructure) for every 250,000 sq. ft.
  - 1 IT (Classroom Support) for every 15 classes

Facility Reserve Model - Salaries

- Model sets hiring rate for salaries at the midpoint

- Setting the hiring rate at the minimum salary will save **$2,581,525** in FY 05-06.

Facility Reserve Model - Other

- Supplies
  - Housekeeping
  - Repair
  - Police
  - IT
- Utilities
- Communications
- Moving Costs
- Maintenance Contracts
  - Elevators
  - Pest Control
  - Garbage Removal
  - Fire Alarm/Sprinkler System
  - Uniforms
  - Chillers
- Insurance
  - Real Property
  - Vehicles
- Equipment
  - Vehicles
  - Other

Facility Reserves - Questions

- UNC – Chapel Hill requests $136,794 for European Study Center it is acquiring in Central London

  - Should this be totally receipt supported?

- NC State University requests operating reserves for
  - Welcome and Visitor Center $293,883
  - Alumni Building $187,610 ($312,763 for full year)
  - OSBM said it only funded percentage of building used for instructional purposes

  - Should these be totally receipt supported?

The University of North Carolina
2005-20[redacted]erating Reserves
Continua[redacted] Budget

MASTER [redacted]

Institution: UNC Asheville
Schedule 4
Attachment 12

0180 General Institutional Support
Budget Code 16055
0180-8378 Reserve for Maintenance and Operating of
Carmichael Hall 25,040 GSF
C.I. Code: 40077 Item: 303
Date Const. Authorized 12/8/2000
Est. Completion Date 8/2/2005 Fund Release Date 7/1/2005
Building Type 1 Adm/Acad/Classroom
Number of Months Budgeted
Number of Smart Classrooms

SUBHEAD	DESCRIPTION							11 Annual Budget 2005-06	12 Annual Budget 2006-07	12 Annual Budget 2007-08
0180 - 1210	SPA Reg. Salaries					Staff				
			Factor		Staff	Rounded	Rate			
	Housekeepers	1:	18,000	GSF	1.39	1.4	19,830	$25,449	$27,762	$27,762
	Hskprs. Sup.	1:	12	Hskpr.	0.12	0.1	21,813	2,000	2,181	2,181
	Maint. Mech. IV	1:	25,000	GSF	1.00	1.0	33,881	31,058	33,881	33,881
	Police Officer 1	1:	100,000	GSF	0.25	0.3	33,537	9,223	10,061	10,061
	EH&S Sfty Off 2	1:	300,000	GSF	0.08	0.1	40,123	3,678	4,012	4,012
	IT (Infrastructure)	1:	250,000	GSF	0.10	0.1	41,871	3,838	4,187	4,187
	IT (Classroom Support)	1:	15	CLS	0.00	0.0	41,871	0	0	0
	Gen. Util. Worker	1:	57,000	GSF	0.44	0.4	19,967	7,321	7,987	7,987
Subtotal					3.38	3.4		82,566	90,072	90,072
0180 - 1232	Shift Differential		10.00	%				3,467	3,782	3,782
0180 - 1810	Social Security		7.65	%				6,316	6,890	6,890
0180 - 1820	State Retirement		5.815	%	PO1 add		5.0 %	5,262	5,741	5,741
0180 - 1830	Medical Insurance		3,432	ea.				10,696	11,669	11,669
0180 - 2100	Hskpng. Supplies									
	Initial Supplies		1	Mth.				256	0	0
	Regular Supplies		0.123	$/GSF				2,814	3,070	3,070
	Subtotal							3,070	3,070	3,070
0180 - 2400	Repair Supplies									
	Initial Repair Supplies		1	Mth.				1,336	0	0
	Regular Supplies		0.640	$/GSF				14,695	16,031	16,031
0180 - 2900	Other Supplies									
	Initial Police Supplies		4,101	$/Officer				1,230	0	0
	Police Supplies		647	$/Officer				178	194	194
	IT Supplies (Infrastructure)		0.100	$/GSF				2,295	2,504	2,504
	IT Supplies (Clsrm. Support)		2,000	$/ Classroom				0	0	0
	Subtotal							19,734	18,729	18,729
		Fctr.								
0180 - 3300	Utilities	1.00	1.826	$/GSF				41,913	45,723	45,723
0180 - 3200	Communications		0.108	$/GSF				2,479	2,704	2,704
0180 - 3900	Other Current Services									
	Moving Costs		10,000	Est.				0	0	0
0180 - 4400	Maint. Contracts									

The University of North Carolina
2005-2007 Operating Reserves
Continuation Budget

MASTER

Institution: UNC Asheville
Schedule 4
Attachment 12

0180 General Institutional Support
Budget Code 16055
0180-8378 Reserve for Maintenance and Operating of
Carmichael Hall 25,040 GSF
C.I. Code: 40077 Item: 303
Date Const. Authorized 12/8/2000
Est. Completion Date 8/2/2005 Fund Release Date 7/1/2005
Building Type 1 Adm/Acad/Classroom
Number of Months Budgeted
Number of Smart Classrooms

SUBHEAD	DESCRIPTION				11 Annual Budget 2005-06	12 Annual Budget 2006-07	12 Annual Budget 2007-08
	Elev. Maint. (# of Elev.)	2	780	Est. @.	1,430	1,560	1,560
	Pest Control		300	Est.	275	300	300
	Refuse Removal		3,000	Est.	2,750	3,000	3,000
	Uniforms (# of New Employees)	2.9	325	Est.@	864	943	943
	Cont./Chillers/Sec.		1,000	Est.	917	1,000	1,000
	Subtotal				6,235	6,803	6,803
0180 - 4500	Insurance						
	Real Property		167	Est.	153	167	167
	Vehicle	1	307	Est. @	282	307	307
	Subtotal				435	474	474
0180 - 5400	Vehicles	1	20,000	Est. @	0	0	0
0180 - 5500	Other Equipment		55,395	Att. List or Basis	0	0	0
TOTAL – RESERVE FOR OPERATION OF **Carmichael Hall**					$182,173	$195,656	$195,656

The University of North Carolina
2005-20[redacted]erating Reserves
Continuation Budget

MASTER

Institution: UNC Asheville
Schedule 4
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Budget Code 16055
0180-8378 Reserve for Maintenance and Operating of

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SUBHEAD	DESCRIPTION	11 Annual Budget 2005-06	12 Annual Budget 2006-07	12 Annual Budget 2007-08

Project Description and Explanation of Special Operating Requirements:
Describe project as completely as possible - A general description of the project and what activities will take place in the building.
This building will be used primarily for instrcution and faculty offices.
What is the source of funds for the building?
2000 Bond Issue.
Explain each of the following calculations:
Utilities per square foot (see below)
The funds needed for moving costs. The one-time costs will come from 2004-05 appropriation.
Maintenance contracts - the basis for your figures? This is based on the history of the current buildings.
Insurance costs for real property and vehicles. This is based on history of the current buildings and vehicles.
The number and type of vehicles for the project - why these are needed. None requested.
Other equipment requests - what/why? The one-time costs are planned to come from 2004-05 appropriation for this building.

Fire Inspection/Maintenance		/year			
Fire Estinguishers	$206/year	206	189	173	159
Fire Alarm System	$767/year	767	703	644	591
Fire Sprinkler System	$1,500/yea	1500	1,375	1,260	1,155
Waste Removal					
Trash	$900/year	900	825	756	693
Cardboard	$2,100/yea	2100	1,925	1,765	1,618

Building Startup Equipment
Carmichael Hall

Description	Quanity	Cost	Total
Door mats inside	11	$100.00	$1,100.00
Door mats outside	11	$100.00	$1,100.00
Mop buckets w/wringers	4	$50.00	$200.00

The University of North Carolina
2005-2007 Operating Reserves
Continuation Budget

MASTER

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SUBHEAD	DESCRIPTION			11 Annual Budget 2005-06	12 Annual Budget 2006-07	12 Annual Budget 2007-08
	25 Foot water house	3	$20.00	$60.00		
	Carpet sprayer w/tank	3	$20.00	$60.00		
	Wet vacuum	3	$300.00	$900.00		
	Upright vacuum cleaner	5	$400.00	$2,000.00		
	Walk behind vacuum	0	$8,000.00	$0.00		
	Battery scrubber	1	$400.00	$400.00		
	Carpet extractor	1	$1,900.00	$1,900.00		
	High buffer machine	1	$1,900.00	$1,900.00		
	Walk behind floor machine	0	$4,000.00	$0.00		
	Riding floor machine	0	$10,000.00	$0.00		
	Hand truck	1	$100.00	$100.00		
	Wet floor signs	6	$50.00	$300.00		
	Hskp closet setup mop, broom,etc	3	$300.00	$900.00		
	Window Cleaning Equipment	1	$3,000.00	$3,000.00		
	Femine napkin machine	3	$225.00	$675.00		
	Pressure washer	1	$1,500.00	$1,500.00		
	Recycling containers lobbies	3	$1,000.00	$3,000.00		
	Recycling containers offices	70	$10.00	$700.00		
	Trash cans interior	100	$10.00	$1,000.00		
	Trash cans lobbies	3	$500.00	$1,500.00		
	Trash/Recycle cans exterior	4	$1,000.00	$4,000.00		
	Exterior ashtrays	4	$500.00	$2,000.00		
	Lift 35'	1	$10,000.00	$10,000.00		
	Lift 60'	0	$60,000.00	$0.00		
	Metal bins for mechanical rooms	5	$100.00	$500.00		
	Mule/personnel vehicle	1	$8,000.00	$8,000.00		
	Personnel radios	3	$200.00	$600.00		
	Saftey shoes	3	$100.00	$300.00		
	Boots	3	$200.00	$600.00		
	Safety supplies	1	$2,000.00	$2,000.00		
	6' Ladder	5	$250.00	$1,250.00		
	8' Ladder	1	$300.00	$300.00		
	10' Ladder	1	$250.00	$250.00		
	12' Ladder	1	$300.00	$300.00		

The University of North Carolina
2005-20[redacted]rating Reserves
Continuation Budget

MASTER

Institution: UNC Asheville
Schedule 4
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Budget Code 16055
0180-8378 Reserve for Maintenance and Operating of
Carmichael Hall 25,040 GSF
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SUBHEAD	DESCRIPTION			11 Annual Budget 2005-06	12 Annual Budget 2006-07	12 Annual Budget 2007-08
A-Frame Ladder		0	$1,000.00	$0.00		
Miscellaneous		1	$3,000.00	$3,000.00		
TOTAL				$55,395.00		

The Total Cost (General and Auxiliary) per Sq. Ft. for FY 03-04 is as follows:

Total: $1.794

Electric: $1.071
Gas: $0.523
Water/Sewer: $0.200

Progress Energy requested a $2.11/1000 Kwh fuel rate increase on June 4, 2004 to take effect Octol
This would raise the Electric Cost to $1.103 / Sq. Ft. for a new Total Cost of $1.826 / Sq. Ft.

Recommended Building Reserves in Continuation Budget

Reserves that were being reduced to zero were not included in this list.

Campus Code	Reserve #	FY 05-06 Change	Projected Activation Date as shown on Building Reserve Form
16010-UNC General Administration			
NC Center for School Leadership	8365	$190,706	7/1/2001
16020 - Chapel Hill Academic			
Science Complex Phase I	8301		8/1/2006
Ackland art Museum	8302	($147,473)	
Memorial Hall Addition and Renovation	8304	$217,792	7/1/2005
Steele Building Renovation	8305		2/26/2007
Wilson Hall Renovation	8306		12/29/2006
Smith Hall - Playmakers Renovation	8307	$6,132	5/17/2006
Electric Systems Shop	8308	($51,392)	
Facilities Service Shops	8309	$221,053	7/1/2005
Facilities Service Grounds Facilities	8310	$32,583	12/30/2005
Printing Services	8311	($132,415)	
440 W Franklin St Renovation	8314	$192,919	9/23/2005
Storm Drainage	8316	$53,308	10/28/2005
Student and Academic Services	8320		11/3/2006
Gerrard Hall Renovation	8324	$5,280	5/31/2006
YMCA Building	8325	($9,649)	4/20/2006
Global Education Center & International Studies	8326	$361,789	1/20/2006
Rizzo Center Expansion	8327	$54,922	6/1/2006
EHS Safety Facility	8328	$85,442	7/1/2005
Hanes Renovation	8329		4/26/2007
ITS Building	8331		10/18/2006
410 E Franklin Addition	8332		8/1/2006
Morehead Planetarium Science Center Addition	8336		1/1/2007
Morehead City Fisheries Research Lab	8337	$157,882	7/1/2005
Chapel Hill North	8340	$536,651	7/1/2005
New West Renovation	8341	$48,040	8/19/2005
Saunders Hall Renovation	8342	$111,281	7/1/2005
RD Smith Middle Addition	8346	$75,231	7/1/2005
London European Study Center	8349	$136,794	7/1/2005
16021 - Chapel Hill Health Affairs			
Medical Biomolecular Research Bldg	8312	$4,177,051	7/1/2005
Berryhill Renovation	8313		9/15/2006
Brauer Hall Renovation	8315	$120,127	5/16/2006
Public Health Addition	8317	$843,496	7/1/2005
School of Nursing Addition	8318	$622,289	7/1/2005
MRSB Addition and Renovation	8321	$1,178,533	8/5/2005
Rosenau Renovation	8322	$96,220	6/22/2006
AHEC Hangar	8323	($45,457)	
Genetic Medicine	8330		4/19/2007
Burnett Womack Renovations	8335	$455,766	10/25/2005
Old Dental Building Renovation	8343	$281,421	7/1/2005
Health Science Library	8348	$251,936	7/1/2005

16030 - NCSU Academic Affairs			
Biomanufacturing Teaching Education Center	8309		11/10/2006
Environmental Res.Lab Space- Broughton -Renovation	8310	$53,832	4/28/2005
Centennial Campus Utility Plant Expansion	8314		9/6/2006
Property Acquisitions (Brickhaven Bldgs)	8316	$87,194	8/4/04 and 3/1/05
NCSU Welcome & Visitor Center	8321	$293,883	5/27/2005
Public Safety Facility	8322	$25,234	7/14/2004
Chilled Water Central Plant-Cates Addition	8323	$164,272	10/3/2005
College of Engineering Complex-Phase II	8324	$2,847,513	6/20/2005
Sullivan Drive Shops-Phase II	8325	$39,020	5/27/2005
College of Engineering Phase I	8326	$458,787	9/30/2004
Support Services Center	8327	($42,449)	9/15/2004
College of Vet Med Research Addition	8328	$801,085	3/16/2005
DH Hill Library East Wing Renovation	8330		7/1/2006
Partners III Building	8331	$240,115	11/1/2004
Alumni Building	8333	$187,610	3/7/2006
David Clark Lab Renov + USTL Ph II	8334	$879,813	6/20/2005
Cent. Campus Infrastructure Expansion	8335	$220,801	12/1/2002
Water Dist & Backflow	8336		N/A
Daniels Hall Lab Building-Phase II	8339		7/1/2006
Fitness and Outdoor Addition-Carmichael gym	8340		3/26/2007
Chilled Water Plant North-Yarbrough Ph II	8345	$91,905	3/13/2005
Infrastructure-Primary Distribution Lines	8346	$253,340	7/1/2005
Jordan Hall Lab and Classroom-Addition	8347		6/26/2006
Leazar Hall Lab Building-Renovation	8348		8/31/2006
Miscellaneous Emergency & Safety Systems	8349	$18,894	7/1/2005
Partners II Building Greenhouse	8351	$16,882	6/30/2004
Partners in School Research (Friday Institute)	8352	$361,456	7/28/2005
Peele Hall HVAC Renovation & Sprinkler System	8353	$18,818	4/1/2006
Riddick Lab Renovation	8354		7/17/2006
Schaub Food Science Building-Renovation	8355	$526,722	5/10/2005
South Gardner Lab Bldg	8356		11/1/2006
College of Engineering Phase I-West Research Annex	8357	$156,542	2/10/2005
Williams Hall Lab Bldg-Renovation	8359		11/17/2006
Withers Conversation from Lab to Academic	8360		8/30/2006
Daniels Hall Lab Building-Phase I-Renovation	8366	$101,343	12/1/2004
1528 Blue Ridge (TOPS)	8367	$140,033	8/5/2004
16031			
Field Research Lab-Lake Wheeles Pest and Waste	8361	$49,995	3/15/2005
Animal and Food Science-Poultry Holding Bldg	8362	$38,295	4/18/2006
Animal and Food Science-Poultry Teaching Bldg	8363	$30,041	4/18/2006
Animal and Food Science-Swine Teach/Research	8364	$78,915	4/18/2006
16040 - UNC Greensboro			
Electric Sub Station	8302		10/1/2004
Studio Arts Center	8303	$537,631	4/21/2006
Hall for Humanities and Research Administration	8304	$417,164	5/9/2006
16050 - UNC Charlotte			
Humanities Classroom	8324	$111,162	11/5/2003
Sci and Tech	8325	$765,824	4/1/2005
Classroom and Office Bldg 3	8326	$421,640	6/1/2005
College of Education Bldg.	8327	$109,586	8/16/2004
Graduate Engineering Research Building	8328	$390,909	9/1/2005
Physical Plant & Public Safety	8329	$278,349	3/18/2005
Residence Hall 8 -- Academic Space Only	8332	$906	8/1/2004
College of Nursing	8333		7/1/2006
McEniry	8334	$432,305	12/12/2005

Rowe Renovation	8335	$374,647	7/5/2005
16055 - UNC Asheville			
Bonsai Exhibition Garden	8348	$82,968	5/1/2005
Guardhouse and Entry Road Upgrade	8349	$172,269	2/28/2005
Greenhouse Exhibition/Gateway Center Phase I	8350	$51,485	5/30/2006
Vivian Street	8373	($16,688)	
Carmichael Hall	8378	$112,919	7/1/2005
Physical Plant	8379	$121,293	5/31/2006
Science and Multi-Media Building	8380		8/30/2006
16060 - UNC Wilmington			
Sports Medicine	8311	$49,947	1/13/2005
Computer Center (Hoggard Addition) Building	8320	$173,238	1/24/2005
General Classroom Bldg-Comp. Science/Info Systems	8326	$517,220	1/26/2006
Westside Hall Addition	8328	($48,703)	
Marine Science Operations Facility	8331	$96,165	6/19/2006
Creative Arts Classroom Facility	8332	$611,525	4/26/2006
Central Energy Plant (Phase III)	8333	$60,929	1/20/2005
Hoggard Hall Renovation	8334	$122,038	1/14/2005
James Hall Renovation	8335		9/7/2006
Kenan Hall Renovations	8336		6/15/2007
Friday Hall Renovations	8337		2/14/2007
16065 - ECU			
Utility Infrastructure	8322	$476,395	7/1/2005
Nursing Allied Health	8323	$2,649,118	1/24/2006
CV Center	8325		3/1/2007
Classroom Improvements	8326	$439,210	7/1/2005
Belk Building Reno	8327		5/7/2007
Flanagan Renovation	8328	$164,799	11/22/2004
Old Cafeteria Renovation	8331	$85,080	5/18/2006
Fletcher Music Addition	8332		11/1/2006
Ocracoke Maritime Lab	8336		7/1/2006
16070 - NC A&T			
New Science	8315	$895,158	8/1/2005
Hazmat Building	8325	$62,637	3/1/2005
New Education Building	8326		1/1/2007
16075 - WCU			
Stillwell Lab	8345	$163,935	6/27/2006
Forsyth Bldg	8346		6/13/2007
Breese Gym	8347	$74,465	8/26/2004
Old student health ctr/Graham Building	8348	$46,761	12/15/2005
Killian Annex	8349	$86,822	10/25/2004
McKee Bldg	8350	$299,999	7/18/2003
NCCAT Ocracoke	8351	$225,919	2/15/2006
16080 - ASU			
Visual Arts Center Phase II	8345	$221,443	7/1/2004
Water Treatment Plant Addition	8348	$89,790	7/15/2005
Central Library Complex	8351	$980,400	5/31/2005
Rankin Science Addition Phase II	8352	$617,603	8/1/2005
Visual Arts Center Phase III	8353	$144,800	3/15/2005
Rankin Science Renovation	8354		1/6/2007
Smith-Wright Hall Renovation	8355		10/2/2006

16082 - UNC Pembroke			
Business Services Building	8316	$155,513	2/1/2006
JonesPhys Ed Complex	8340	$75,667	8/2/2004
Oxendine	8345	$92,025	7/23/2004
Chavis Center Annex	8347	$35,379	12/1/2005
Locklear Addition	8349	$81,102	8/10/2004
Moore Addition	8350	$69,924	10/1/2005
Classroom	8351		8/25/2006
16084 - WSSU			
Physical Life Sciences Building	8315	$280,924	12/20/2004
Early Childhood Development Center	8317	$33,250	12/20/2004
Carolina Hall	8318	$52,123	5/20/2005
A.H. Ray Health Center	8319	$21,219	3/1/2006
16086 - ECSU			
Reserve for Facilities	8310	$418,953	
Central Utility Plant	8373	$129,877	10/15/2004
Johnson Hall	8374	$137,515	6/30/2005
Ridley	8376	$62,592	3/15/2005
Student Center	8379	$16,021	12/15/2004
Trigg Hall	8380		2/28/2007
Lane Hall	8381	$19,322	4/1/2006
16088 - FSU			
New Science	8315	$376,112	4/1/2006
Seabrook Auditorium	8317	$143,993	5/15/2005
Cook Dining Hall	8318	$27,037	12/22/2004
Spaulding Student Health	8319	$6,765	9/30/2004
16090 - NCCU			
New Science Complex	8329	$796,764	6/4/2005
Turner Law School Renovation & Addition	8331	$197,274	7/25/2005
Duke Auditorium Renovation & Addition	8332	$61,456	2/16/2004
16092 - NCSA			
Performance Place Addition	8334	$2,000	7/1/2005
Welcome/Visitor Center	8335	($16,225)	7/1/2005
Student Life Connector	8336	$51,870	2/28/2005
Chancellor's Residence	8337	$107,892	3/1/2005
Chapel St. Phase II	8338	$93,091	7/1/2005
Dance Recital/Rehearsal	8339	$164,315	7/1/2005
South Main Street	8340	$94,628	7/1/2005
Sunnyside Ave Phase II	8341	$118,092	7/1/2005
Costume Shop	8342	$180,294	7/1/2005
Anderson Building	8343	$51,217	7/1/2005

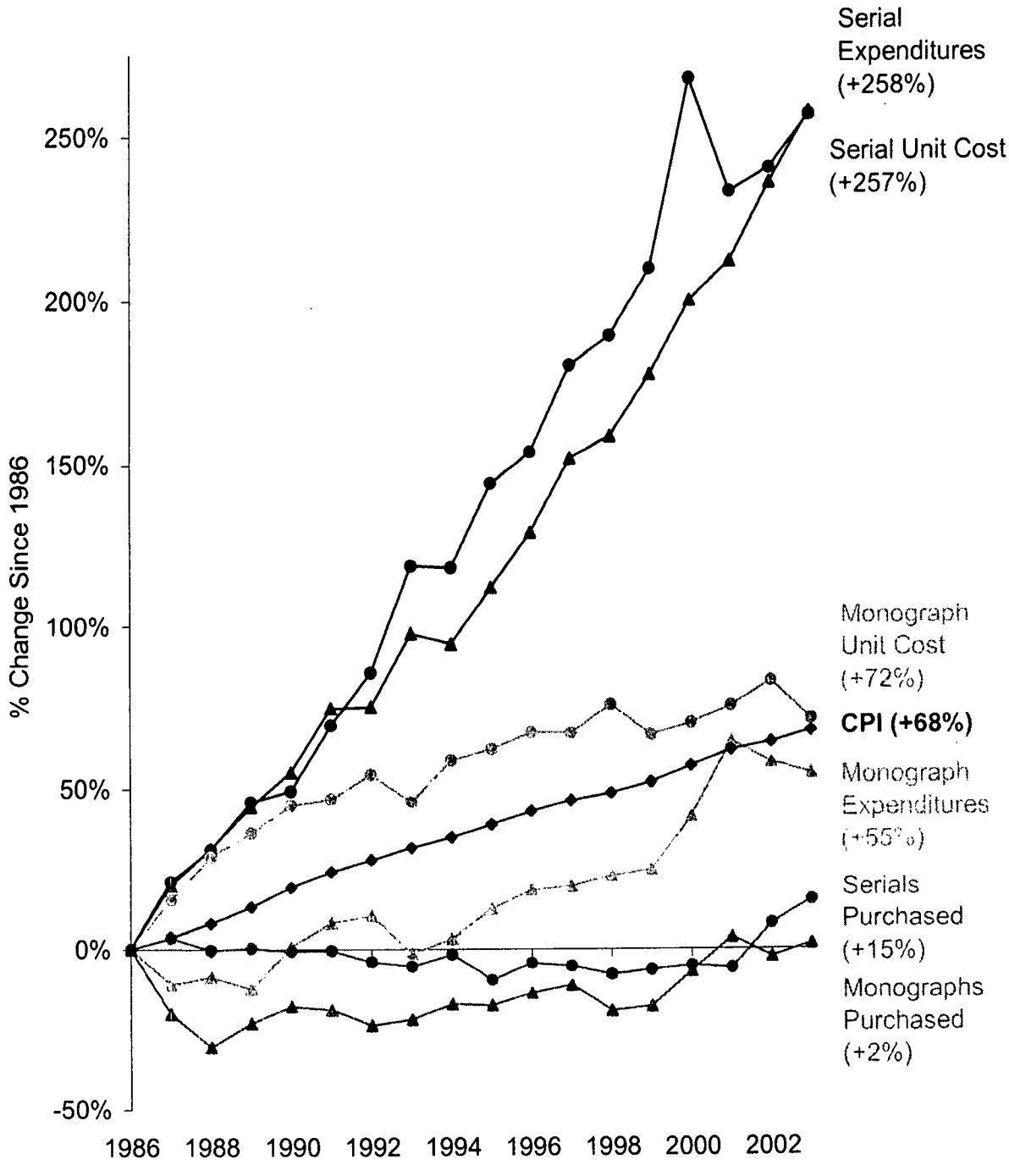
Receipts

- In FY 04-05, $52.75 million in need based financial aid is funded by Escheat Fund
- HB 397 in 2003 Session said the Director of the Budget is to return $23.75 million of this financial aid to General Fund approp. in FY 05-07
- OSBM reduced Escheat Fund receipts by $12.9 million, thus increasing the General Fund appropriation by a like amount
- Fiscal Research Budget Development determined that $23.75 million in Escheat Fund receipts had to be removed, thus corrected UNC's base budget amount.

Library Books and Journals

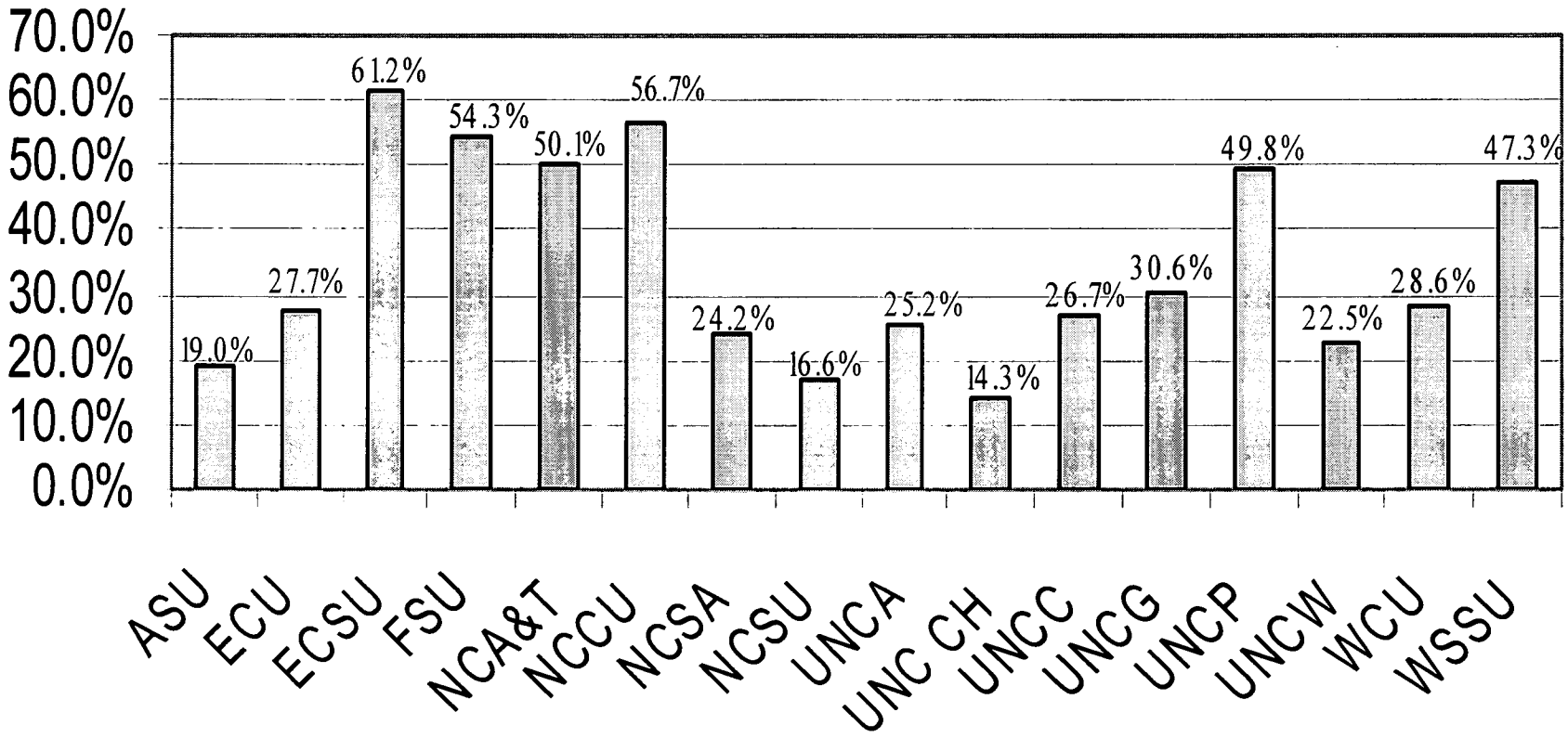
- From 2000 to 2004, journal prices increased 38.4% (American Library Association)
- From 2000 to 2004, the CPI rose 10%
- OSBM allowed each campus to justify their library request

Monograph and Serial Costs in ARL Public Institutions, 1986-2003



Source: ARL Statistics 2002-03, Association of Research Libraries, Washington, D.C.

% of Undergraduates Receiving Pell Grants
FY 03-04



SOURCE: UNC General Administration

The University of North Carolina
OFFICE OF THE PRESIDENT
POST OFFICE BOX 2688, CHAPEL HILL, NC 27515-2688

JEFFREY R. DAVIES, *Vice President for Finance*
Telephone: (919) 962-1591 FAX: (919) 962-0008
E-mail: jrd@northcarolina.edu

Appalachian State University

East Carolina University

Elizabeth City State University

Fayetteville State University

North Carolina Agricultural and Technical State University

North Carolina Central University

North Carolina School of the Arts

[redacted] Carolina State University at Raleigh

University of North Carolina at Asheville

University of North Carolina at Chapel Hill

University of North Carolina at Charlotte

University of North Carolina at Greensboro

University of North Carolina at Pembroke

University of North Carolina at Wilmington

Western Carolina University

[redacted] ton-Salem State University

An Equal Opportunity/ Affirmative Action Employer

January 24, 2005

MEMORANDUM

TO: Members of the Joint Legislative Education Oversight Committee

FROM: Jeff Davies

SUBJECT: UNC Management Flexibility Legislation Report of Results, 2003-04

The UNC Management Flexibility legislation directs the Board of Governors to report annually by March 31 of each year to the Joint Legislative Education Oversight Committee on operating results. In this regard, each Chancellor has submitted an annual report of operating results and the individual campus reports have been summarized into the Summary of Institutional Annual Reports, 2003-04, which was approved by the Board of Governors on November 12, 2004. A copy of the Report is transmitted herewith. An Executive Summary in the front of the Report shows the highlights for the fiscal year.

Operating results for 2003-04 were again very positive. Management initiatives were undertaken in a number of areas through budget reallocations and increased efficiency and effectiveness were achieved in the areas of budgeting, purchasing, and personnel administration.

In accordance with procedures established in February 1997, each SRCI submitted a compliance certification letter, signed by the Chancellor, certifying that their institution complied in the areas outlined by the guidelines. No incidences of non-compliance were cited for fiscal year 2003-04, demonstrating the commitment to strong institutional management, accountability over resources, and internal control structures.

The implementation of management flexibility has enabled the Chancellors to manage their budgets to an extent not previously possible, thereby utilizing their taxpayers' dollars more effectively. They now have the ability to reallocate resources and plan expenditures beyond the limits of the fiscal year. Management of resources can now be guided by mission priorities rather than overly constrained by budget categories and fiscal time periods. Unforeseen opportunities can be seized and emergencies can be met.

In addition, management flexibility has allowed Chancellors to manage budget reductions and required reversions in ways that minimized impact on the classroom. In 2003-04, $24.3 million was reverted by UNC institutions to the General Fund. In addition, the University contributed $7.4 million to the state for Hurricane Isabel clean-up efforts. Unspent appropriations of $2 million were carried forward into 2004-05 to meet high priority needs.

We appreciate the General Assembly's decision to grant management flexibility to the University. We will continue our effort to be fully accountable for this delegation of authority.

Enclosure

cc: Ms. Charlotte Todd
Fiscal Research Division

Report to the
2005 North Carolina General Assembly
Joint Legislative Education Oversight Committee

The University of North Carolina
Summary of Institutional Annual Reports
Special Responsibility Constituent Institutions
UNC General Administration
North Carolina School of Science & Mathematics
2003-04

The Board of Governors of
The University of North Carolina

November 12, 2004

Executive Summary

- The UNC Management Flexibility legislation directs the Board of Governors to report annually by March 31 of each year to the General Assembly's Joint Legislative Education Oversight Committee on operating results. Section I of this document summarizes the results of operating during the 2003-04 fiscal year under the UNC Management Flexibility Legislation, as reported by the 16 Chancellors of the Special Responsibility Constituent Institutions (SRCI).

- In its 1998 session, the General Assembly enacted legislation (S.L. 1998-212, section 11(b)) which stated that for fiscal years beginning with 1999-2000, no reversions to the State's General Fund are required. However, due to the state's fiscal condition, the UNC constituent institutions were required to contribute $24.3 million of their state appropriations during 2003-04 to offset the budget shortfall.

- One-time reallocations of $97.4 million from lapsed salary funds and $44.5 million from other sources and recurring reallocations of $27.8 million were made to carry out management initiatives on the campuses. These amounts represent 4.06%, 1.86%, and 1.16% respectively of the authorized budget requirements of the institutions at the end of the fiscal year. University-wide, major emphases continue to be placed on strengthening undergraduate instruction and improving graduation rates, graduate instruction and research, enhancing physical facilities and their operations, upgrading infrastructure and expanding computing and telecommunications capabilities.

- 356 teaching (of approximately 12,000 total) and 227 non-teaching positions were reported as being vacant for nine months or more during fiscal year 2003-04.

- During the 2003-04 fiscal year, 5,831 purchases totaling $215.2 million were made on the campuses between the old benchmark of $10,000 and the increased benchmarks, which ranged from $35,000 to $500,000. Without the special legislation, these purchases would have required processing through the central Division of Purchase and Contract in the Department of Administration.

- In response to the requirement for more stringent monitoring of internal/financial controls and management staffing, each of the institutions provided a compliance certification letter, signed by the Chancellor, certifying that his/her institution complied in the areas outlined by the guidelines. The compliance certifications demonstrate the commitment to strong institutional management, accountability over resources, and internal control structures.

- Management Flexibility legislation has enabled the Chancellors to take ownership of their budgets to an extent not previously possible and manage their resources more efficiently and thereby better utilize the taxpayers' dollars.

- The General Assembly, in the 1999 Regular Session, extended management flexibility to the University of North Carolina - General Administration on a basis comparable to that authorized for the special responsibility constituent institutions. This report documents UNC General Administration's use of flexibility provisions in Section II.

- In its 2001 Regular Session, the General Assembly extended management flexibility to the North Carolina School of Science and Mathematics, on a basis comparable to that authorized for the special responsibility constituent institutions. This report documents NCSSM's use of flexibility provisions in Section III.

The University of North Carolina
Summary of Annual Reports
Section I – Special Responsibility Constituent Institutions Designated Under the UNC Management Flexibility Legislation
2003-04

The Regular Session of the 1991 General Assembly enacted the UNC Management Flexibility legislation (G.S. 116-30) which granted significant additional authority in the areas of budgeting, personnel administration, and purchasing to those institutions designated as "Special Responsibility Constituent Institutions." The Board of Governors, acting on the recommendation made by the President after consultation with the State Auditor, was authorized to designate one or more institutions as Special Responsibility Constituent Institutions. In this regard, the Board of Governors adopted Selection Criteria and Operating Instructions for Special Responsibility Constituent Institutions on September 13, 1991; these criteria have been updated to reflect changes as needed. Between October of 1991 and September of 1993, the Board of Governors designated all 16 constituent institutions as "special responsibility constituent institutions."

The UNC Management Flexibility legislation directs the Board of Governors to report annually by March 31 of each year to the General Assembly's Joint Legislative Education Oversight Committee on operating results. This document summarizes the results reported by the 16 Chancellors of the Special Responsibility Constituent Institutions that operated under the UNC Fiscal Management Flexibility Legislation during the 2003-04 fiscal year. Although each report necessarily described the results that were applicable to the particular institution, observations can be made which reflect common or similar experiences for several or all institutions.

Impact on Education. The Management Flexibility legislation directs the Board of Governors to develop standard measures of student learning and development in general undergraduate education in order to assess the impact of the legislation on these areas at the designated institutions. These measures have been developed and the impact of management flexibility is included as a part of the assessment measures reports, which are separately made to the Joint Legislative Education Oversight Committee.

Reversions. In accordance with legislation enacted in 1998 [S.L. 1998-212, section 11(b)], for fiscal years beginning with 1999-2000, no reversions to the State's General Fund are required. However, during 1999-2000, UNC institutions were required to contribute to offset Hurricane Floyd damages ($13.7 million) and to reallocate $1.3 million in previously required reversions to initiatives funded in the expansion priorities. In fiscal year 2000-01, the UNC constituent institutions were required to contribute $32 million (1.91% of their State appropriations) to offset the State's budget shortfall. In fiscal year 2001-02, UNC constituent institutions were required to contribute $144.1 million (9.06% of State appropriations). The State's continuing dire fiscal condition has required that Chancellors revert substantial appropriations to the General Fund. In 2002-03, $77.3 million (4.9%) was reverted by UNC institutions to the General Fund. In 2003-04, $24.3 million reverted to the State's General Fund due to fiscal pressures. In addition, the University contributed $7.4 million to the state for Hurricane Isabel clean-up efforts. UNC campuses carried forward only $2 million (0.12%) in appropriations from fiscal year 2003-04 into fiscal year 2004-05. This amount remains significantly lower than amounts carried forward in previous years.

Fiscal Savings. As already indicated, in 2003-04, a total of $24.3 million was reverted as required to the State's General Fund. These funds constitute University savings that were used by the State to address the State's economic crisis. However, the decreased funds to campuses diminished the ability of Chancellors to address critical institutional needs. These lost opportunities decrease the effectiveness of management flexibility on the campuses.

At the programmatic level, the institutional reports identified a number of operating efficiencies and related effective uses of financial resources that resulted in savings during the 2003-04 fiscal year. While there are inherent limitations in quantifying these savings in dollar terms, specific examples reported by the institutions provide evidence that budget flexibility continues to give the institutions greater ability to operate more efficiently and thereby save taxpayers' dollars.

ECU was able to recognize a one-time savings of $149,000 through management flexibility to purchase sixteen pianos at a bulk rate. The purchase should secure the School of Music's needs for replacement pianos for the next ten years. North Carolina Agricultural and Technical

State University was able to save $552,620 by employing temporary workers in some areas and outsourcing other work which would have previously be done through the hiring of permanent staff or overtime payments. Similarly, UNC-Chapel Hill-Academic Affairs units saved $400,556 by the employment of temporary employees, students, contract employees and dual employment, which enabled the campus to provide the necessary services without creating permanent positions. In addition, UNC-Chapel Hill realized $1,566,899 in one-time savings by funding maintenance agreements to extend the life of equipment thus reducing equipment replacement costs. Western Carolina University was able to take advantage of several savings opportunities through critical timing that were a direct result of management flexibility. For example, WCU saved $89,328 in the purchase of equipment for the Communications and Theatre Department and Engineering Technology program to enhance classroom and labs.

Management Initiatives. During 2003-04, campuses reallocated $141.8 million on a one-time basis and $27.8 million on a permanent basis to carry out management initiatives. The degree of emphasis placed on specific initiatives reflects individual institutional needs and decisions. University-wide, major emphases were placed on strengthening undergraduate instruction and improving graduation rates, graduate instruction and research, upgrading classrooms and labs through repair and renovations as well as equipment purchases, enhancing physical facilities and operations, strengthening infrastructure, and expanding computing and telecommunications capabilities. On a permanent basis, there was an increased focus on strengthening undergraduate instruction and graduation rates, graduate instruction and research and improving infrastructure. Accommodating recent budget cuts has added a significant challenge to budget administration.

It is evident that major initiatives on all campuses have been undertaken to improve institutional budget and personnel administration. The trend continues toward developing an increased level of participation by the chancellors, vice chancellors and other managers in budget planning and execution. Since flexibility allows the expenditure of unspent salary funds from vacant positions (lapsed salaries) to be used for non-personnel purposes, detailed expenditure plans have been more comprehensive than previously possible. Flexibility has also permitted management to focus decisions on program priorities instead of budget categories. This changed

approach provides campuses an opportunity for multi-year budget planning. However, the State's poor economic situation severely limited the amount of funds carried from fiscal year 2003-04 to 2004-05.

Significant reallocations continue to support the acquisition of computing equipment, including initiatives dedicated to providing wireless connectivity in classrooms and common areas for students. This investment reflects the joint commitment of the campuses, the Board of Governors and the General Assembly to provide enabling technology for higher education in North Carolina. Likewise during FY 2003-04, fourteen of the sixteen UNC constituent institutions continued collaboration on moving to new, more efficient, administrative computer systems to better support the academic, research, and public service missions of the campuses. These efforts yielded more favorable pricing, and facilitate sharing between campuses as they prepare to implement the systems. Through the collaboration of thirteen campuses, the UNC Office of the President was able to negotiate an $11 million professional services contract for administrative systems. Implementing these systems would have cost $14 million if done on an institution-by-institution basis; the net savings of the collaborative contract to UNC was $3 million. Reallocations for 2003-04 reflect related planning and equipment acquisitions at several of the UNC institutions.

Management flexibility has enabled the constituent institutions to respond to unforeseen circumstances, including the need to meet mandatory reversion requirements related to the current financial condition of the State of North Carolina. Furthermore, the availability of management flexibility has been crucial as the campuses experience these mandatory reversions simultaneously with continued budget reductions. The campuses, through budget flexibility, have been able to provide critically important operating funds for academic departments, equipment for classrooms and laboratories, and temporary and part-time workers to continue basic campus operations in the face of budget reductions and required reversions. This is also evident in the fact that many campuses have been forced to rely on management flexibility to reallocate funds to meet the need to supplement under-funded utilities budgets. Many campuses continue to report the need to supplement these budgets due to utility rates out-pacing allowable inflationary increases in the university continuation budget. Likewise, absent inflationary

increases in line items for library collections purchases, but faced with increasing costs of acquisitions, many campuses have used flexibility to prioritize funds for the maintenance and upgrade of library collections.

Management flexibility has also been vitally important to successful implementation of the 2000 Higher Education Bonds. Due to the campuses' ability to reallocate funding to meet priorities, it has been possible to fund staffing, equipment, and supplies for the new buildings that are constantly coming online. Furthermore, many campuses reallocated funds from lapsed salaries to fund necessary repairs and minor renovations.

Increased Efficiency and Effectiveness Achieved. Although closely related to the sections on fiscal savings, management initiatives, and reallocation of resources, certain summary conclusions may be drawn from the institutional reports on the achievement of increased efficiency and effectiveness.

Major efficiencies are principally attributable to the provision that all General Fund appropriations for continuing operations are made to the designated institutions in the form of a lump sum to each budget code, giving the institutions the ability to use funds budgeted for salaries of vacant positions for non-personnel expenditures. Prior to flexibility authorization, unexpended salary funds were not available for such uses. In 2003-04, institutions used lapsed salary funds to update and replace obsolete educational, scientific, and computing equipment; to repair and renovate teaching and laboratory facilities; and to make other one-time improvements in instruction and support functions. Emphasis continues to be placed on providing the infra-structure to support increased levels of instruction offered at a distance, consistent with the Board's initiative to expand access to educational opportunities to a greater number of North Carolina's citizens. In addition, campuses have invested in attracting and retaining quality employees in a tight labor market through appropriate adjustments to hiring rates, reclassifications and through providing increased training opportunities.

Flexibility also has provided the opportunity for institutions to reallocate resources in response to changing institutional priorities, as well as to respond to unforeseen opportunities or challenges. Such opportunities are evidenced at the campuses, as mentioned in the section on fiscal savings, where flexibility allowed timely purchases through agreements with vendors or

making purchases in bulk which results in savings. This ability also proved critical to the institutions during 2003-04, as they were required to revert more than $24.3 million to the State, and will continue to be an important option if the State's economy remains weakened.

The management flexibility given to the designated institutions in purchasing administration has contributed to significant improvements. Prior to the Management Flexibility legislation, institutional purchases of $10,000 or more required processing through the central Division of Purchase and Contract in the Department of Administration. Under flexibility, the threshold amount was increased to a maximum of $250,000. Due to the previous success of the purchasing flexibility, the 2003 General Assembly approved an additional increase of this cap to $500,000.

During 2003-04, 5,831 purchases totaling $215.2 million were made on the campuses between the old benchmark of $10,000 and the increased benchmarks. This represents a 5% increase (based on the total amount of purchase orders) over the 2002-03 fiscal year. In addition, the time required to process purchase orders has been significantly decreased.

Under budget flexibility, institutions have the authority to create and abolish positions to realign budgets to meet managerial needs. Although personnel budgets may be realigned under budget flexibility, institutions continue to adhere to separate rules and regulations regarding personnel actions. For SPA employees, institutions are subject to applicable rules and regulations promulgated by the Office of State Personnel and operate under Performance Agreements negotiated with that Office that allow campuses to make decisions independent of OSP. EPA employees are subject to policies set by the Board of Governors. The General Assembly has now provided the Board with the ability to delegate personnel responsibilities to the campuses and seven campuses have applied for and received the ability to act independently of the Board of Governors in certain personnel areas.

Documentation of Reallocation of Resources. Each institution was required to include in its 2003-04 annual report all net budget transfers that were authorized by the Chancellor and which previously required the approval of the Office of State Budget and Management. These reallocations, made to implement the management initiatives undertaken by each campus,

distinguished between one-time transfers of lapsed salaries, one-time transfers from other sources, and permanent transfers.

One-Time Reallocations – For the 2003-04 fiscal year, one-time reallocations from lapsed salary funds totaled $97.4 million, which represented 4.06% of the authorized budget requirements of the institutions at June 30, 2004. Of these funds, $65,040,075 (67%) were generated from lapsed teaching salaries, while $32,312,529 (33%) were from lapsed salaries from non-teaching positions. One-time reallocations from other sources totaled $44.5 million, which represented 1.86% of the authorized budget requirements of the institutions at June 30, 2004.

Permanent Reallocations – In addition to the one-time budget reallocations, a lesser number of permanent reallocations were made during the year. Many of these involved increases in personnel budgets. Implementation of all personnel actions under management flexibility is subject to the availability of funds within the institution's currently authorized budget to fund the full annualized costs of the actions taken.

During the 2003-04 fiscal year, permanent reallocations totaled $27.8 million, which represented 1.16% of the authorized budget requirements of the institutions at June 30, 2004. Of these permanent reallocations, 382 positions were established and 219 positions were abolished for a University-wide net increase of 163 positions.

Vacant Positions. A total of 583 positions, University-wide, were vacant for nine months or more during fiscal year 2003-04. Of these, 356 were teaching and 227 were non-teaching positions.

The largest number of vacant positions were those held open to meet temporary operating needs (170). In addition, a significant number of positions remained open due to recruitment issues (158). Many positions were kept open to meet the reversion requirement (1.51%) for fiscal year 2003-04. Other explanations for extended vacancy periods included a delayed search process (77), reorganizations/reclassifications (59) and pending/recent new management in the area (17).

Availability and Use of Appropriations Carried Forward. The Management Flexibility legislation provides that the appropriations carried forward of up to 2.5% "may be used for one-time expenditures that will not impose additional financial obligations on the State." However, due to the State's fiscal condition, only $2 million dollars university-wide were carried into fiscal year 2004-05 from 2003-04. An additional, $24.3 million was required to return to the State's General Fund as reversions.

Internal Financial Controls and Management Staffing. The Second Extra Session 1996 amended the Management Flexibility legislation directing the Board of Governors to establish more stringent rules for monitoring and resolving audit exceptions and for reviewing and monitoring staffing and internal control procedures. These directives focused on a continuing assessment of the competence of the institutions to carry out the additional authority granted in the areas of budgeting, personnel administration, and purchasing.

Each of the special responsibility constituent institutions provided a compliance certification letter, signed by the Chancellor, certifying that their institution complied in the areas outlined by the instructions. The compliance certifications demonstrated the Chancellors' commitment to strong institutional management, accountability over resources, and internal control structures. No instances of non-compliance were reported.

Additional Costs Incurred. The institutions reported that no significant additional costs were incurred as a result of management flexibility.

The University of North Carolina
Summary of Annual Reports
Section II – UNC General Administration
Designated Under the UNC Management Flexibility Legislation
2003-04

The General Assembly, in its 1999 Regular Session, extended management flexibility to the University of North Carolina - General Administration [G.S. 116-14, section b1-b2 and G.S. 116.30.3(e)]. The results of the UNC General Administration's use of management flexibility for the fiscal year 2003-04 are included in this report.

UNC-General Administration reports fiscal savings through the use of temporary employees to perform critical duties while permanent positions were vacant and through outsourcing selected information technology services.

Management initiatives undertaken by UNC General Administration emphasized expanding computing, telecommunication and information resources; improving administrative services infrastructure; and strengthening such targeted program areas as the North Carolina Teaching Academy, the North Carolina Center for Nursing's Institute for Nursing Excellence, the University of North Carolina Center for School Leadership Development, the North Carolina Education Research Council, the North Carolina Progress Board, North Carolina Principal's Executive Program, and the North Carolina Teacher Academy. Total one-time reallocations of $2,400,001 included $1,889,686 of transfers from lapsed salary funds. Permanent reallocations of $602,797 were made during fiscal year 2003-04. UNC-General Administration carried forward $463,361 and will use those funds to liquidate outstanding encumbrances, support information technology, and make building repairs and renovations.

During 2003-04, UNC-General Administration established twelve positions and abolished nine positions, for a net increase of three positions. One EPA non-teaching position and three SPA positions were reported as being vacant for nine months or more during 2003-04. Seventy-five percent of the vacant positions remained vacant to cover budget reductions and required reversions.

UNC-General Administration reported no instances of non-compliance with required rules, regulations and guidelines.

The University of North Carolina
Summary of Annual Reports
Section III – North Carolina School of Science and Mathematics
Designated Under the UNC Management Flexibility Legislation
2003-04

The General Assembly, in its 2001 Regular Session, extended management flexibility to the North Carolina School of Science and Mathematics [G.S. 116-30.2(b)]. The results of the School's use of management flexibility for the fiscal year 2003-04 are included in this report.

Management initiatives undertaken by North Carolina School of Science and Mathematics emphasized enhancing recruitment, addressing safety concerns on campus, strengthening instruction, enhancing physical facilities and their operations, and strengthening student support services.

During 2003-04, 10 purchases totaling $189,181 were made by NCSSM between the benchmarks of $10,000 and $35,000.

Total one-time reallocations of $136,544 were entirely funded through lapsed salaries. Permanent reallocations of $108,476 were made during 2003-04, all of which were used to support personnel-related expenditures.

During 2003-04, the North Carolina School of Science and Mathematics established one position and abolished one position. No positions were reported as being vacant for nine months or more.

The North Carolina School of Science and Mathematics reported no additional costs due to management flexibility. The North Carolina School of Science and Mathematics reported no instances of non-compliance with required rules, regulations and guidelines.

The University of North Carolina

OFFICE OF THE PRESIDENT

POST OFFICE BOX 2688, CHAPEL HILL, NC 27515-2688

Jeffrey R. Davies, ***Vice President-Finance***

Telephone: (919) 962-1591 Fax: (919) 962-0008 E-mail: jrd@northcarolina.edu

Appalachian State University

East Carolina University

Elizabeth City State University

Fayetteville State University

North Carolina Agricultural and Technical State University

North Carolina Central University

North Carolina School of the Arts

North Carolina State University at Raleigh

University of North Carolina at Asheville

University of North Carolina at Chapel Hill

University of North Carolina at Charlotte

University of North Carolina at Greensboro

University of North Carolina at Pembroke

University of North Carolina at Wilmington

Western Carolina University

Winston-Salem State University

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November 15, 2004

MEMORANDUM

TO: Mr. David McCoy
Office of State Budget and Management

Mr. Jim Johnson
Fiscal Research Division

FROM: Jeffrey R. Davies Jeffrey R. Davies

SUBJECT: UNC Management Flexibility Reserve
Budget Reductions Report, 2004-05

During the 2004 Legislative Session, a special provision in Section 9.1 of House Bill 1414 directed the Board of Governors to report to the Office of State Budget and Management and the Fiscal Research Division by December 31 on reductions made by the University of North Carolina in order to meet the reduction reserve amounts for UNC institutions and affiliates. We appreciate the General Assembly's decision to grant management flexibility to the University to manage these reductions.

The Board of Governors approved the attached UNC Budget Reductions Report on October 8, 2004. If you need further information, please contact either Ginger Burks or me.

Attachment

cc: Ms. Anne Bander
Ms. Charlotte Todd

UNC Management Flexibility Reserve Budget Reductions Report

The University of North Carolina's 2003-04 Budget, as approved by the General Assembly, included a mandatory Management Flexibility Reserve reduction of $47,863,937. Section 9.1 of House Bill 397 requires the Board of Governors to make a summary report to the Office of State Budget and Management and the Fiscal Research Division by December 31, 2003, on all the reductions made to reach the targeted amounts.

> *House Bill 397, Section 9.1, UNC Flexibility Guidelines:*
> *"The Chancellor of each constituent institution shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes in order to meet the reduction reserve amounts for that institution. The President of The University of North Carolina shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes controlled by the Board in order to meet the reduction reserve amounts for those entities. The Board of Governors shall make a summary report to the Office of State Budget and Management and the Fiscal Research Division by December 31,2003 on all reductions made by these entities and constituent institutions in order to reduce the budgets by the targeted amounts."*

University-wide Summary

It was critical to the University that the General Assembly provided the management flexibility that enabled Chancellors and other campus-level managers to make the final decisions as to where budget reductions would be applied. For the 16 campuses and UNC-General Administration, the assigned reduction was 3 percent; for the North Carolina School of Science and Mathematics, the Area Health Education Centers, and UNC Healthcare, the reduction was 1.5 percent.

In deciding how to implement the reductions, the Chancellors sought to minimize their negative impact on academic instruction. However, several years of successive budget reductions and reversions have made it impossible to avoid impacting instructional areas. The cumulative effects of these reductions will be felt on all campuses and by all UNC students, faculty, and staff.

In summary, of the total $47.9 million UNC Management Flexibility Reserve:

- Approximately 45 percent was extracted from personnel budgets (salaries and benefits), requiring the elimination of 378 positions;
- 20 percent came from current services (e.g. travel, phone services, postage, utilities, printing, repair and maintenance, and data processing);

- 19 percent came from capital outlay (e.g. office equipment, educational equipment, and motor vehicles);
- 7 percent came from supplies and materials (e.g. housekeeping supplies, educational supplies, repair supplies, motor vehicle supplies, and office supplies);
- 5 percent came from fixed charges (e.g. property and equipment rentals, insurance, and maintenance contracts); and
- 4 percent came from other line items (e.g. library books, scholarship and grant programs, other aids and grants, and other contractual services).

These reductions have severely impacted all programs, disciplines, activities, and campuses. The 378 positions eliminated included 367 vacant positions and 11 filled positions. A total of 276 of these positions were in instructional areas—including 193 faculty positions—and will directly affect students in UNC classrooms.

With each round of cuts, it becomes more difficult to insulate instructional budgets from reductions. In the previous year (2002-03), for example, the University lost 94 faculty positions as a result of budget reductions. Continued cuts to departments and divisions that provide crucial support and services have had a detrimental impact on basic campus operations and the quality of the student experience as budgets for facilities, finance and regulatory compliance, information technology, student services, and libraries have been reduced. Many campuses are minimizing additional reductions in these areas as student enrollments continue to grow.

Over a two-year period, the teaching capacity of our campuses has been reduced by 287 faculty positions—equivalent to the full faculty complement at Fayetteville State University. The loss of core teaching faculty during a time of surging enrollments affects students directly, reducing the number and types of courses offered, increasing student to faculty ratios, and decreasing the time any single faculty member has available to teach, advise, and mentor students.

Losses of SPA and EPA non-teaching positions are equally detrimental to campus operations. In 2003-04, reductions required cutting an additional 185 positions that provide enrollment management, advising, orientation, housekeeping, security, information technology, buildings and grounds maintenance, financial aid, and library services. The loss of these positions lessens our campuses' ability to carry out the academic, research, and public service mission of the University.

The direct impact of this required reduction on instructional budgets in UNC is $21.6 million. This will certainly be felt by students in years to come, as fewer course sections are offered, and campuses are forced to hire more part-time and adjunct faculty to teach the sections that remain. Students will find it increasingly difficult to find courses that they need to graduate and to fit all required courses into their schedules. Ironically, unavoidable reductions in advising and faculty contact hours means that many students will have less assistance in monitoring their degree progress at a time when it becomes much more difficult and critical to do so.

Most UNC campuses indicate that repeated budget reductions continue to adversely impact library operations, as evidenced by reduced service hours, decreased availability of materials, and more outdated books and journals. This affects both students and faculty as they work to prepare for the workforce and complete research. Given the long-term damage caused by previous rounds of reductions and reversions, seven campuses chose to exempt their libraries from this round of budget reductions.

Most Chancellors have expressed growing concerns about their diminishing ability to adequately maintain and repair equipment, buildings and grounds. This especially impacts the focused-growth campuses, which have worked deliberately to improve the physical appearance of facilities and grounds. While deeply appreciative of the new buildings and renovations made possible by the November 2000 bond referendum, Chancellors are increasingly concerned about operating with fewer dollars as they attempt to maintain and equip expanding facilities. They are concerned about maintaining existing facilities, as well as finding resources to adequately equip, staff, and maintain the new buildings coming online. In most instances, this reversion requirement to save funds in the short term makes long-term repairs more costly and less efficient. As a direct result of these required reversions, all UNC campuses have shrinking budgets for equipment, supplies, and materials. Consequently, students will not have access to the most advanced equipment, because the campuses will not be able to purchase the latest technological equipment in the various disciplines. Computer replacement on the campuses will be deferred, so students will not be training on the most advanced systems.

Furthermore, most Chancellors have expressed concern that increases in class size, higher student-faculty ratios, and course cancellations will become a frequent experience for many of their students. This is already apparent at most campuses, where student-to-faculty ratios have

increased and students have experienced frustration with course selection and availability of courses needed to complete their degrees.

In general, the Chancellors have expressed apprehension that they have now pushed the limits of efficiencies that can be accomplished without compromising quality. Those savings have been achieved, and further reductions severely impact the type of experience they are able to offer students. Many of the current reductions, the Chancellors have noted, are short-term in nature but have long-term consequences, as is the case with reductions to budgets for building repair and maintenance. Maintaining the level of quality that students deserve with diminishing resources is an ongoing struggle.

In summary, the impact of budget reductions is cumulative and long-term. Students continue to express the sentiment that they are being asked to pay more at a time when they feel they are receiving fewer and lower quality services. Likewise, faculty and staff express frustration that they are being required to take on the responsibilities of positions that have been eliminated, without any significant pay increases.

The University appreciates the management flexibility to distribute these reductions. The Chancellors have made difficult choices, striving to minimize the impact on the classroom. In most cases, however, successive budget reductions have made this a futile goal. Multiple rounds of budget reductions have affected the student experience at the UNC campuses through the degradation of student services, facilities, and are now increasingly affecting the direct classroom activities. Comments and impact statements from each institution are included in the following pages. Attachment A provides a summary, by campus, of the reductions implemented to reach the targeted amounts.

Appalachian State University

- With the loss of positions and increasing enrollment, ASU is hiring more adjunct faculty- in order to retain reasonable class sizes. The quality of the instructional experience will still suffer as a result since these individuals do not typically have the same skill set that more qualified faculty would possess.

- In many areas on campus, the salaries of faculty, particularly those at the upper ranks are significantly less than market levels. The budget reductions will further delay our addressing this critical faculty morale issue.

- Diminished funding has created a growing concern over the ability to maintain the basic levels of service required for a growing state-of-the-art institution. All areas of the university have suffered as a result of continuing budget reductions.

East Carolina University, Academic Affairs

- The elimination of faculty positions will obviously impact the students' academic lives – fewer teachers, larger classes, less advisor time and additional semesters necessary for completing graduation requirements. At a time when the students are demanding—and deserving—additional programs that enhance their college experience and make them more marketable upon graduation are being eliminated due to lack of resources.

- ECU has worked extremely hard over the last 10 to 15 years to address a backlog of repair and renovation needs in our physical plant. Cutting funds in that area and re-creating that backlog is poor stewardship and violates our fiscal responsibility to our many constituents from students to taxpayers. This is especially critical as our new bond-funded facilities come on-line. North Carolina's citizens supported that referendum, and ECU does not want them to see a state-of-the-art building with old and outdated equipment.

East Carolina University, Health Affairs

- ECU is losing support positions and operating funds in this cut. Losing a research technician in the Cancer Center will obviously affect the research that can be done there. The cut in operating funds represents 13% of the school's total operating budget and will certainly impact our ability to purchase laboratory equipment and supplies, instructional supplies, and office supplies that are necessary for us to fulfill our teaching and patient care mission.

Elizabeth City State University

- The elimination of the construction engineer position will cause the project management workload of Higher Education Bond and Repair and Renovation projects to be distributed among the three professionals on staff, instead of the four position that are needed.

- The elimination of the guidance counselor in the Office of Career Planning and Placement will adversely affect the ability of the university to give individualized support to student "portfolio" development, career counseling, and job interview skills and techniques training.

- The reduction in capital outlay will result in the postponement of scientific and educational equipment purchases. Modern equipment is critical to support faculty and student research efforts, as well as to support laboratory and classroom instruction. Additionally, lack of proper equipment hampers faculty in collecting and analyzing data needed to support grantsmanship. ECSU's personal computer replacement policy calls for the replacement of computers every four years. These budget reductions have forced the university to suspend the replacement policy for computers that were scheduled for replacement this year.

- The reduction in building reserves results in the loss of a new maintenance vehicle and the inability to purchase incremental cleaning and maintenance supplies needed to support the new 10,000 square foot Physical Education Complex.

- The reduction in library books will limit the purchase of books and periodicals that directly support instruction. This is especially critical since these materials are needed to aid our preparation for accreditation reviews and to support our new master's degree program in biology and the bachelor's degree program in pharmaceutical sciences.

Fayetteville State University

- FSU's ability to provide adequate supplies and materials to support the instructional and administrative units of the university is greatly reduced. The lack of adequate supplies and materials will impact the instructional delivery in the classroom.

- The university's ability to purchase, upgrade, and replace equipment in various administrative, academic and research areas has been reduced. Also, small-scale renovation projects in the academic areas will be limited due to the reductions.

North Carolina Agricultural and Technical State University

- To effectively address the diverse learning styles of students today, instructional technology and state-of-the-art equipment are necessary tools for effective learning. The reductions to capital outlay and fixed charges will impact the quality of the learning experiences our students are afforded as well as limit the tools that can enhance the learning process. Teaching with old technology and equipment is a disservice and not supportive of NCA&T's mission to adequately prepare students for the high tech workforce of today.

- As a result of the reductions, NCA&T has reduced their operating budgets for administrative and institutional support to a dangerously low level. With increases in enrollment, NCA&T should look to expand operations to serve a growing customer base; however, this has not been the case. NCA&T is at a critical juncture where the administrative and institutional support services must grow in order to sustain the quality of services provided to the student customer base.

- Due to the permanent reduction this year coupled with the permanent reduction from the last two years, NCA&T's efforts at raising funds and awareness of the campus are significantly impacted because of reduced printing budgets. This affects NCA&T both financially and also has a negative impact on the marketing efforts on the local and national levels.

North Carolina Central University

- NCCU had to cut 23 permanent positions. These positions provided support to the instructional programs, library services, and student services as well as general institutional support for financial management.

- $200,000 was cut from library books and journal subscriptions. This reduced the university's ability to maintain the current level of books, journals and newspapers needed and used by students and faculty.

- In fiscal management, loss of vacant positions in the financial affairs division hampers the ability to meet current and increasing demands of state and federal regulatory agencies as well as parents and students.

- Reductions in support staff, supply and operational budgets jeopardize upcoming accreditation reviews.

North Carolina School of the Arts

- The size and scope of NCSA's productions have been reduced. This impacts all aspects of the productions from numbers of students cast to size of sets built to the quality of material used in the construction.

- The School of Music has increased class size in some cases as much as 50% due to the loss of part-time dollars. The Schools of Dance and Music have eliminated elective courses. The School of Music has eliminated much of its touring—impacting its ability to raise private dollars. The School of Filmmaking eliminated its Director of Special Projects and reduced its senior film budget by 20%. The School of Drama reduced its number of guest directors and the School of Design and Production will limit use of its premier laboratory space, the Thrust Stage, to only once during the year.

- Some full-time vacant positions have been filled with part-time faculty without benefits. Further, schools have been advised to offer only part-time or one-year contracts for vacated faculty lines.

- NCSA has to eliminate the final remaining state appropriation that supports the International Music Program. The International Music Program has been in existence for over 35 years. This is another area where students suffer from a lack of training and performing possibilities.

North Carolina State University, Academic Affairs

- Reductions in classroom instruction resulted in the cancellation of over 200 course sections and increased class size in lower division course offerings by as much as 15%, negatively impacting our undergraduate students. Cancellation of course sections may disrupt the necessary progression of course work for graduation.

- Instructional equipment used to assist in the classroom will not be replaced or updated as needed. Funding was eliminated for the Geophysics program, the Campus Design Studio, the North Carolina Japan Center, the Center for Information Society Studies, the Chemistry X-ray and the Veterinary on-farm animal health program.

- Budget reductions in previous years have resulted in significant reductions in library staff and operations, and as a result, this year's permanent reduction will limit new acquisitions. This represents a reduction of over $500,000 in collections, purchased books down by 19% or approximately 3,700 titles, and the cancellation or loss of online access to over 550 journal titles.

- Reductions in support for information technology initiatives and the elimination of three positions result in delaying expansion of wireless capabilities for the students, postponing the implementation of the new benefits administration software, and slowing response time for IT security and help desk services. The eroding operational base forces a reduction in computer replacements and software upgrades.

- Reductions have required scaling down marketing and external communication about opportunities on Centennial Campus. This includes the elimination of community events such as the Centennial Campus Job Fairs and educational seminars. Outreach services in the College of Design and in the College of Humanities will reduce service to communities throughout the state.

- Industrial Extension Service had reduced its workforce by 10% and decreased by 18% the number of short courses, workshops, and conferences offered to North Carolina professionals. The number of industry service projects provided to small and medium-sized enterprises assisting them to remain economically viable in North Carolina is down 6%.

North Carolina State University, Agricultural Research

- Given the magnitude of this fiscal year's reductions along with the prior year's reductions, operating support has been reduced by half for the Service Units, Field Labs and Research Stations. We have to be able to maintain cutting-edge technologies and equipment to obtain extramural funding but with no programmatic support available, these programs are being adversely affected. A minimum of 10 positions have been eliminated or reduced and startup commitments to new faculty have been re-negotiated to lower levels for the current year.

North Carolina State University, Cooperative Extension Service

- Specific reductions in support include restricted travel by county agents and Extension specialists, limited office supplies, and state vehicles not being replaced. NCSU's relationships with local governmental officials have been strained, loss of technical and programmatic expertise has occurred and by not being able to fund country co-funded positions, an additional $329,739 in county support has been lost. The continued budget reductions/reversions forces the North Carolina Cooperative Extension Service to operate at a diminished level of outreach.

University of North Carolina at Asheville

- Fewer educational supplies have been bought in the Chemistry, Biology, and Art Departments.
- Hands-on experiments, which are so critical in the sciences, are not taking place.
- Faculty/student interactions are lessened due to larger class sizes.
- Inter-library loan, the most cost-effective way to expand a library's collection, has been curtailed. The students have access to fewer materials.
- The Career Center has not been able to purchase the tools (software and subscriptions) necessary to keep tract of the job market.
- Computers and mechanical equipment have not been replaced in a timely manner. This forces UNCA to repair more outdated equipment, retire some non-operable (unsafe) equipment, and work less efficiently.
- One building has exterior concrete columns that are cracked and crumbling. This same building has a leaking roof. The departments in this building are the Admissions, Registrar, Financial Aid, Study Abroad, Music, and Advising/Retention. UNCA does not have the funding to repair the building or move the occupants.
- The North Carolina Arboretum plans to take the entire 3% cut out of replacement capital equipment. The equipment that will not be replaced includes two roof mowers, a skid steer, and a tractor. These pieces of equipment are the fundamental tools for maintaining the 68 acres of turf, trails, and collection exhibits.

University of North Carolina at Chapel Hill, Academic Affairs

- UNC-Chapel Hill did everything possible to maintain the core teaching responsibilities across the College of Arts and Sciences. Teaching units shouldered a smaller percentage of cuts compared with units that do not primarily provide classroom instruction.

- UNC-CH eliminated 22 vacant tenure-track faculty positions at a time when the College of Arts and Sciences is facing increasing retirements. This means erosion in the quantity and quality of our capacity to teach, conduct research, and serve the public. The effect of which will be felt next year when the size of the Arts and Sciences faculty will be reduced back to the level of five years ago, from 700-plus now, to about 675.

- UNC-CH had more problems this year than in the past in placing students into required basic skills courses. Many courses were over-enrolled to accommodate demand. There were more than 150 students who were unable to enroll in beginning Spanish classes this fall. Many departments are being forced to offer fewer, and larger, class sections, a concern to both students and parents in light of recent tuition increases.

- UNC-CH closed Arts Carolina, one of the most visible public outreach programs at the university, cutting off a valuable link between our arts programs and the general public.

- All of the departments had to tighten their operating budgets, including reductions in funds for staff, professional travel, equipment, telecommunications, maintenance and supplies. State funding was eliminated for 14 positions, which resulted in the lay-off of 4 EPA non-faculty and 4 SPA staff. Graduate student positions were also decreased, employees must share phone lines, faculty are using personal funds for classroom copying, and departments are being forced to use private funding to meet core operational needs.

- Consecutive budget cuts have had a negative impact on the morale of faculty and staff, whose workloads have increased while their salaries have stagnated. During the past two years, more than 60 faculty members in the Arts and Sciences have been recruited by outside institutions; about half of them have left, primarily for higher salaries and benefits.

- At the Kenan Flagler Business School, faculty are teaching larger than normal class sizes and are covering an increase in MAC courses with adjuncts and PhDs.

- There will be no scholarships awarded this year in the School of Education to those students seeking concentrations in areas supporting special needs students. The School has also realized a significant reduction in its outreach programs.

- The School of Government eliminated two full professor positions. One position worked in the area of public leadership and management specifically developing programs to support public officials in the administration of state and local government. This position served as part of the School's core faculty, providing instruction and advising to North Carolina public officials. The loss of this position reduces the School's capability to offer management and leadership training to public officials from North Carolina State and local government. A second position taught Master's of Public Administration courses and did Institute of Government work. A faculty member held this position during FY02-03 who specialized in state and local fiscal and budgetary policy. The elimination of this position severely curtails our capability to teach two core MPA courses, Methods for Policy Analysis and Evaluation and Introduction to Policy Evaluation Methods. The School has covered these core courses through adjunct instructors. UNC-CH has lost the research and advising work a full-time faculty member would carry out.

University of North Carolina at Chapel Hill, Academic Affairs (continued)

- Elimination of the Staff Director Position of the Facilities and Instructional Support Division reduces critically needed managerial and administrative support in the School of Government. This division supports the delivery and operations of a comprehensive professional education program for North Carolina state and local government officials. This position directly oversees twelve program coordinators responsible for working with faculty in the delivery of instructional programs. This cut will significantly curtail UNC-CH's capability to accommodate schools and conferences in an expanded facility that is already understaffed.

- The cuts in the Information and Library Sciences have resulted in a reduction of course offerings and a severe hardship for the students involved.

- The School of Journalism and Mass Communication is unable to replace aging equipment in classrooms and has had a reduction in its ability to provide printed syllabi to classes.

- Office of Human Resources eliminated HEELS for Health, a popular faculty and staff wellness program that has been in operation for over a decade. The elimination of this program will have a negative effect on the overall health and wellness of University employees, in addition to serious impacts on employee morale.

- The Controller's Office eliminated a financial reporting support position, a payroll data control position, and an accounting data control position.

- Financial Planning and Budgets eliminated an Accountant position.

- Material and Disbursement Services eliminated 2 positions in purchasing services, 2 positions in asset management, and 1 position in materials management & distribution. Elimination of these positions increases the risk of occurrence of data integrity and internal control issues, and there may be a degradation of service levels to the campus.

- Public Safety lost 2 police officer positions, reducing the number of officers patrolling the campus, and the conversion of the background check service to a receipts-supported operation ($20 per background check), which affects departments with vacancies as it adds $20 to the cost of each new permanent or temporary hire.

- For One Card, the budget cut means that replacing servers has to be delayed, which could result in system problems for a system that manages $20 million in spending accounts for students, and the reduction in hours per week of the systems accountant, which can affect testing of system changes and design/implementation of new online processes.

- For the Department of Environment, Health and Safety (EHS), cuts resulted in the elimination of a Safety Supervisor position, which was the full-time coordinator of UNC's asbestos program. EHS is less able to respond to student, employee and public concerns about potential asbestos exposures. To continue meeting campus needs, asbestos responsibilities have been reassigned to several EHS personnel. As a result, UNC now lacks a single contact for inquiries regarding asbestos material content and abatement guidance. This causes confusion among the architects, engineers, construction managers and contractors who deal with asbestos, which results in construction delays. Also, the reassignment of these responsibilities impacts other parts of EHS and has left the University vulnerable to non-compliance and unfavorable publicity.

University of North Carolina at Chapel Hill, Academic Affairs (continued)

- Facilities Services permanently lost 27 SPA positions. This was on top of the 66 positions lost in the three previous fiscal years due to permanent budget reductions. Routine building maintenance is no longer routine. The exteriors and interiors of many campus buildings are beginning to show signs of the chronic under-funding of their maintenance needs. The Chapel Hill campus is currently in the reactive management stage of maintenance, which is predominantly identified by worn-out systems that require staff to be scheduled to react to systems that are performing poorly or not at all. Preventive maintenance backlogs will rise as workers are reassigned to service calls further pushing the campus into the breakdown maintenance mode. Housekeeping services have deteriorated to the point that office trash cans are no longer emptied on a daily basis, classrooms and laboratories are only detailed once a month, elevators are only cleaned twice a week, and window cleaning is nonexistent.

- The Division of Student Affairs permanently abolished the First Year Initiate Program (FYI Program). This program consisted of serving first year students to enhance the intellectual climate of the campus and one that supported the new Academic Plan's emphasis on learning communities within residence halls. This 4-year old program had during its tenure 34 individual faculty members, representing 16 departments within the College of Arts and Sciences and six professional schools.

University of North Carolina at Chapel Hill, Health Affairs

- The forfeiture of approximately six SPA FTEs resulted in four layoffs. More layoffs would have been necessary were it not for positions being held vacant in anticipation of reductions. This loss of personnel and positions, combined with the previous two years' reductions, puts the School of Dentistry's institutional support structure in a tenuous position. Work demands are exceeding available personnel. Programmatic cuts may become a reality to address further reductions.

- The School of Dentistry has eliminated the use of state funds for equipment, computers, or travel over the past three years. Equipment and facility infrastructure purchases are put on discretionary sources if available, postponed, or eliminated completely.

- Reductions in state funds compromise the ability of the UNC School of Medicine to maintain the quality, breadth and depth of the educational program and to meet the demand for health care professionals in North Carolina. The School was forced to close down the Allied Health Rehabilitation Psychology and Counseling program due to cuts. 2003-04 is the 3rd year in a row for loss of funding for scientific equipment that seriously jeopardizes the ability of investigators to gain new research grants.

- The School of Nursing did not fill vacant faculty positions. The workload was redistributed to current faculty, or part-time clinical faculty and teaching assistants were hired. Two course offerings were cancelled. The School has increased class size in two core BSN courses to 160 students.

- Funds for maintenance and repairs were drastically cut which will prevent faculty in the School of Pharmacy from making the necessary changes in classrooms and labs to facilitate instruction and research. Funds for classroom and laboratory equipment purchases to replace obsolete equipment were eliminated. Faculty cannot teach students effectively with equipment that is in disrepair and lab findings will be inaccurate.

University of North Carolina at Chapel Hill, Health Affairs (continued)

- In the School of Public Health, two environmental sciences courses were eliminated. Budgets for teaching laboratory supplies and replacement equipment have been reduced by 50%. Maintenance for equipment used in teaching and research has been deferred.

- Area Health Education Centers reduced support for health careers programming for middle and high school students and postponed purchases of computers and other IT equipment throughout the AHEC system.

- The Ackland Art Museum has delayed launching an educational resource center, a teaching resource space in the museum where all audiences (university students and faculty, K-12 school teachers and students, and visitors) will learn about art in the museum and the arts across campus. Budget cuts dramatically reduced the ability to publish knowledge created by faculty, students, and museum staff, to market programs, and to raise funds. The newsletter for 2003-04 has been downsized and printing has been delayed on the membership brochures and a case statement for fundraising.

- Frank Porter Graham Child Development Institute currently has more than 300 computers that need constant upgrading and repairing. Budget reductions will greatly limit the ability to upgrade old computers and to provide new computers for recently funded projects.

- The Center for Teaching and Learning was forced to lay-off a permanent EPA employee. There is a continued moratorium on funding course development projects (i.e., funds typically provided to help 20-30 faculty members to enhance courses or develop materials to help them teach larger classes), equipment replacement and software upgrades and classroom equipment replacement or repair.

University of North Carolina at Charlotte

- UNCC has increased class size rather than add additional sections. Students have lost some of the flexibility in arranging a class schedule to coordinate with their other demands, as well as the advantage of choosing a smaller class section to benefit from more personalized instruction. UNCC is also unable to support new faculty with purchases that are basic to operations, e.g., support staff, supplies and materials, equipment, and profession development and education.

- UNCC is not able to properly augment operating budgets or hire additional personnel for existing student services such as Disability Services Center for Academic Excellence, Writing Resource Center, and Career Services to meet the needs of our rapidly growing student population.

- UNCC is unable to add positions to support additional student s and facilities. Employees who have worked for years without salary increases are being forced to assume additional tasks and icnr4eased volume that should be assigned to new support positions. As a result, UNCC is unable to keep the campus functioning in a manner which adequately supports existing and new academic programs. Cuts in critical financial support areas result in reduced student assistance. These reductions have eliminated funds for IT training and professional development. Capital purchases and repair of technology and security equipment will be deferred or canceled.

- A lack of additional funding sufficient to cover increased utility costs, as well as the costs of utilities during construction of new facilities continues to result in an underfunded utilities budget. Actual costs have exceeded budgeted appropriation amounts for the past four years. Further, the lack of funding for repair and maintenance of campus infrastructure is building a backlog of projects that will only cost more when repairs must eventually be made.

University of North Carolina at Greensboro

- Because many medium- and large-enrollment courses are already at the capacity of classrooms, this effect of increased class size is felt more strongly in courses where small sections are planned for pedagogical reasons (in certain arts, sciences, and professional disciplines, for writing-intensive courses, etc.).
- There has been a decreased choice among sections, which may lead to some students being unable to register for a full load.
- UNCG allowed for fewer lapsed salary dollars to be available for use in addressing long-standing inadequacies in instructional equipment, resulting in poorer quality experience for students in equipment-intensive disciplines.
- Course sections are staffed with visiting, temporary faculty, rather than with permanent faculty.
- UNCG increased the advising load of faculty in some units, which affects the quality of academic and career advising.
- The reductions impacted the library's ability to create, purchase, and service information resources for the support of teaching, learning, and research.
- The reductions curtailed the ability to create and maintain web sites for academic departments, thus losing information sources critical to the recruiting, retaining, and teaching of students.
- The reductions affected ability of faculty to create digital resources for instruction and research, develop distance courses and integrate information technology into existing courses, and be trained in the use of information technology.
- Continuous cuts are eroding faculty and student support services. Staff reductions and the inability to hire new staff in the Information Technology areas have been especially problematic. The budget cuts greatly inhibit UNCG's ability to provide the type of service required by students, faculty, and staff, especially beyond the normal 8 to 5 workday.
- The deferred replacement of outdated computers, software, and office equipment needed for the efficient operation of departments whose resources are already quite limited are a result of reductions.

University of North Carolina at Pembroke

- UNCP has an increasing enrollment and is working to serve these additional students with approximately the same amount of funding for supplies, equipment, and academic support as last year.
- UNCP has had to reduce library acquisitions and further reduce academic departments' operational budgets. The campus is spending fewer funds this year on new academic equipment and supplies than it did two years ago.
- With this latest round of budget reductions, UNCP has had to reduce six faculty positions. This means that the student to faculty ratio is increasing, which does not fit with the mission and goal for the campus.
- The additional reduction in institutional support impacts almost every division at UNC Pembroke. Student Affairs must delay the implementation of new student programming and/or enhancement of existing programs. Enrollment Management will not hire additional recruiters to reach out to potential students. The Business Affairs, Controllers, and Human Resource Offices could not add staff to assist with the Banner conversion. The lack of additional staff mandates that current staff perform all of their ever-increasing tasks, plus handle the conversions associated with Banner. Public safety issues are not being addressed as planned due to these reductions. The increase of activity on campus has created a need for additional dispatchers in the public safety office, but this is not possible due to the reductions.

University of North Carolina at Wilmington

- Because non-academic department budgets have already sustained more reductions in the past few years than they can afford, the only option to meet this three percent reduction was to significantly reduce instructional budgets. UNCW reduced 11.44 faculty positions, cut over $100,000 in temporary academic wages and reduced academic operating budgets by almost $450,000. The total reduction to UNCW's regular term instructional budget is $1.4 million.
- Reductions will result in a loss of tutors in the Math Lab, technical assistants in scientific labs, student computer labs and offices.
- Partnership teaching initiatives, associated with the UNCW Watson School of Education Professional Development System, will be severely reduced.
- UNCW's School of Nursing student clinical practice and involvement with community health outreach programs will be critically reduced.
- Reductions to the Academic/Student Support budgets will result in elimination of funding for AIDS education programming, reduction to Greek programs that specialize in sexual assault and harassment education, reduction in funding for professional development for Disability Services staff, reduction to career and employment resources and information for students, and an almost total elimination of funding for professional development – related travel.
- In administrative support budgets, these reductions will be felt in the areas of housekeeping, grounds and landscaping operations, student support and financial aid. There will be a critical impact to fundraising initiatives and information technology reductions will cause the postponement of initiatives designed to meet the demands for university security mandated by federal and state law and campus pipeline license agreements.

Western Carolina University

- The net resources available at WCU are being stretched to serve a growing student population. To meet this most recent reduction, WCU reluctantly decided to eliminate the Mountain Aquaculture Center. This Center was established in 1988 and has conducted biotechnologically based research to support the economic sustainability of the aquaculture industry in Eastern North Carolina. The closure of this Center was a disappointment to both commercial trout farmers and environmental groups due to the lack of other facilities conducting this valuable research and has eliminated opportunities for students to take part in this groundbreaking research.

- WCU eliminated a total of 10.5 FTE EPA positions. Of these, 3.5 were regular term instructional faculty and 1.5 were faculty in the distance learning program. In addition, two academic support positions (in Modern Foreign Languages and Health and Human Performance) were abolished. The loss of these instructional and instructional support positions will have a direct detrimental impact on the students in WCU's classrooms.

- Three positions in Academic Support and Support Services and Administration were also eliminated. These were positions of Housekeeping Supervisor, Database Administrator, and a Program Assistant in the Mountain Heritage Center. At a time when new buildings are being placed in service and a major administrative systems implementation is planned, WCU cannot afford the loss of these critical positions.

- Services at WCU were cut by $391,135, of which approximately 30% was at the North Carolina Center for the Advancement of Teaching (NCCAT). At a time when North Carolina is facing a critical shortage of teachers, NCCAT has had a positive impact on the retention rate of those who have participated in its programs. These budget cuts have left NCCAT no option but to reduce the number of programs offered and teachers served by its programs.

- Western instituted a 26% across-the-board reduction in capital outlay budgets to meet this reduction. The inability to provide students an opportunity to use the latest technology in their field of study will result in their being inadequately prepared to meet the demands of the high technology workplace. Lack of funds for replacement of outdated information technology and other equipment will prohibit WCU from serving students and others in a manner consistent with their reasonable needs and expectations.

- WCU has not been able to grow the library collections available for use by students and faculty in their studies and research. The additional reduction this year of $60,893 in library books and periodicals forces WCU to continue to struggle to serve more students with the same or fewer resources. Any further reductions in the library's budget will likely result in a major cancellation of periodicals.

Winston-Salem State University

- WSSU's difficult task in managing budget reductions is further exacerbated by tremendous enrollment growth. The budget reduction will have an immediate impact on already limited operational funds and will delay WSSU's timetable for implementing and/or enhancing new and existing program initiatives.

- The absence of adequate funding to support educational supplies and equipment at a quality level for programs in the sciences, the health sciences, and information technology (computer science and management information systems) will result in fewer opportunities for students to engage in laboratory learning activities and a lesser-prepared student. The reduction in operating funds relating to technology and equipment will delay initiatives to upgrade the technology in computer labs, the library, offices, and residence halls.

- With increased enrollment, the size of several general education classes increased from an average of thirty students per class to forty students. Several introductory pre-major courses were moved to large lecture halls to accommodate the increase in enrollment. Additional part-time and non-tenure track full-time faculty were hired to cover the classes created by the increase in enrollment. At the same time, however, it will be necessary for academic chairs and support managers to restrict the use of basic office and educational supplies for faculty and staff to essential instructional needs and essential administrative needs.

- With the reduction in operating expenses, the university will need to delay the purchase or replacement of equipment needed to maintain and support accreditation for several academic programs. The university will delay the purchase of some equipment and will not be able to renew maintenance contracts for some scientific and computer labs.

- The university will continue to have to delay major facility repairs and maintenance. Many facilities are in urgent need of repairs.

UNC Healthcare
(Note: UNC Healthcare was reduced by 1.5%)

- UNC Healthcare elected to reduce expenditures that were not directly related to providing patient services. Although indirect, when needed systems and facility renovations are deferred, patients are negatively affected. UNC Healthcare cannot maintain reductions of this nature in the future without an adverse affect on the quality of care that the citizens of North Carolina expect.

North Carolina School of Science and Mathematics
(Note: NCSSM was reduced by 1.5%)

- The budget reductions at NCSSM will have a significant impact on the classroom and the dormitories for NCSSM students. Reductions in Residential Life Services will severely affect the replacement of mattresses and the twenty-year-old furniture in dormitory rooms as well as reduce other student support services. Academic Programs will be significantly impacted by the loss of funds to purchase textbooks, computer and scientific equipment and other educational supplies.

University of North Carolina –General Administration

- The reductions to the UNC Center for Public Television resulted in a widespread impact. The viewing public will likely see more repeat programming, less coverage of statewide events, and fewer hours of original programming. In addition, the digital television (DTV) initiative will also suffer. The collaborative efforts between UNC TV and the NC Community College System for developing DTV educational initiatives will be delayed or cut altogether. Furthermore, the number of operating hours of DTV will be decreased.

- The reductions to the UNC Office of the President impact all divisions through a reduction in current services (phone, postage, travel, printing, repair and maintenance, data processing services). In addition, budgeted salary and benefits for critical vacant positions were reduced, thereby jeopardizing our ability to attract the critical skill sets necessary to oversee, manage, and direct the UNC Human Resources and Program Assessment and Public Service roles for the University. Such skill sets are required to fulfill the increasing regulatory, State and Federal compliance, and management oversight responsibilities for the University's academic, research and public service mission. These reductions will have a far-reaching impact by limiting UNC-OP's ability to communicate with the constituent campuses, prospective students, legislature, media, and other interested parties on operational policy, governance, coordinated services and reporting. The organization will also be forced to delay required replacement of information technology and various mechanical systems, which sill result in loss of productivity, system outages, and increased maintenance costs.

- Reductions within the North Carolina Center for School Leadership Development will result in decreases for instructional programs, lateral entry teacher certification opportunities, and professional development for teacher assistants, teachers, principals, and school administrators throughout North Carolina.

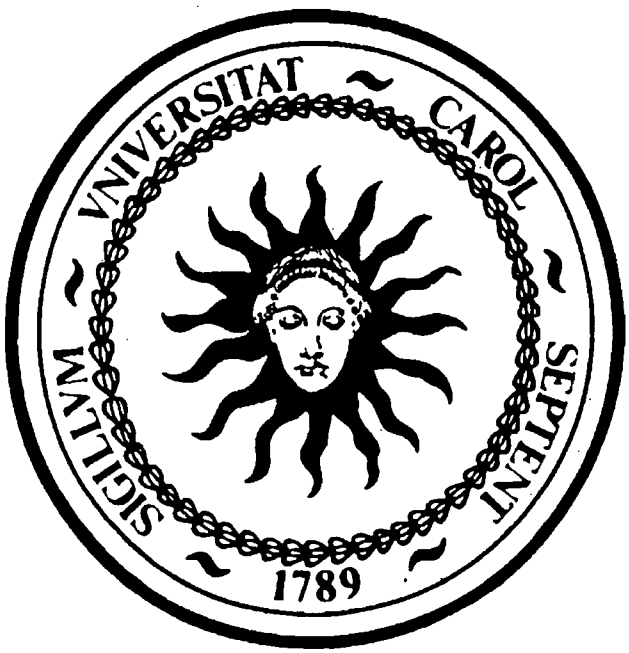
- All affiliated programs of UNC General Administration are in the process of scaling back services to their constituents in order to meet the mandated budget reduction. The North Carolina Center for International Understanding will reduce services to exchange participants while the North Carolina Center for Nursing will reduce grants designed to recruit and retain nurses. NC Education Pathways Pathways has reduced training opportunities used to educate counselors and media specialists about the CFNC website. The State Education Assistance Authority has reduced contracted defaulted loan services and financial aid publication costs.

THE UNIVERSITY OF NORTH CAROLINA
BUDGET REDUCTIONS SUMMARY

	Personnel	Supplies & Materials	Current Services	Fixed Charges	Capital Outlay	Other*	Total Reductions
ASU	(2,068,663)	(81,636)	(372,560)	(3,891)	(42,779)	0	**(2,569,529)**
ECU, AA	(762,415)	0	(329,540)	0	(2,770,593)	0	**(3,862,548)**
ECU, HA	(498,840)	(189,366)	(425,279)	(85,487)	(62,215)	(91,909)	**(1,353,096)**
ECSU	(155,184)	(20,987)	(55,351)	0	(469,597)	0	**(701,119)**
FSU	0	(150,725)	(641,596)	0	(250,754)	0	**(1,043,075)**
NCA&T	0	(150,000)	(500,000)	(350,000)	(931,947)	0	**(1,931,947)**
NCCU	(850,030)	(74,560)	(95,009)	0	(401,226)	0	**(1,420,825)**
NCSA	(446,049)	(19,917)	(38,992)	(11,923)	(84,657)	(9,000)	**(610,538)**
NCSU	(5,115,323)	(373,778)	(725,572)	(373,779)	(725,574)	(933,063)	**(8,247,089)**
NCSU. Ag Research	(49,275)	(227,369)	(441,354)	(227,368)	(441,351)	0	**(1,386,717)**
NCSU, Coop. Extension	0	(184,362)	(357,880)	(184,362)	(357,880)	0	**(1,084,484)**
UNCA	(500)	(372,097)	(148,957)	0	(225,797)	0	**(747,351)**
UNC-CH, AA	(4,847,532)	(640,940)	0	(422,809)	0	0	**(5,911,281)**
UNC-CH, HA	(2,996,491)	0	0	0	0	0	**(2,996,491)**
UNC-CH, AHEC	(51,756)	(3,122)	(28,778)	0	(757)	(590,335)	**(674,748)**
UNCC	0	(657,308)	(1,197,083)	(285,000)	(909,244)	0	**(3,048,635)**
UNCG	(1,424,401)	(235,547)	(650,408)	(52,519)	(561,632)	0	**(2,924,507)**
UNCP	(438,142)	0	(531,428)	0	0	0	**(969,570)**
UNCW	(994,573)	(56,131)	(669,317)	(150)	(33,892)	(20,000)	**(1,774,063)**
WCU	(551,367)	(96,898)	(391,135)	(101,100)	(401,597)	(60,893)	**(1,602,990)**
WSSU	0	0	(436,369)	(165,000)	(330,000)	0	**(931,369)**
UNC-GA; Operating	(69,563)	0	(1,125,107)	(104,050)	0	0	**(1,298,720)**
UNC Healthcare	0	0	(589,552)	0	0	0	**(589,552)**
NCSSM	0	0	0	0	0	(183,693)	**(183,693)**
Total	**(21,320,104)**	**(3,534,743)**	**(9,751,267)**	**(2,367,438)**	**(9,001,492)**	**(1,888,893)**	**(47,863,937)**

** This column includes library books, scholarship and grant programs, other aids and grants, and contractual services.*

2004-05 Budget Reductions Report



The University of North Carolina
Board of Governors

October 8, 2004

2004-05 UNC Management Flexibility Reserve Budget Reductions Report

The University of North Carolina's 2004-05 Budget, as approved by the General Assembly, included a mandatory Management Flexibility Reserve reduction of $23,396,864. Section 9.1 of House Bill 1414 requires the Board of Governors to make a summary report to the Office of State Budget and Management and the Fiscal Research Division by December 31, 2004, on all the reductions made to reach the targeted amounts.

House Bill 1414, Section 9.1, UNC Flexibility Guidelines:

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

University-wide Summary

The Chancellors in the University are deeply appreciative that the General Assembly provided the management flexibility that enabled them and other campus-level managers to make the final decisions as to where budget reductions would be applied. For the 16 campuses, the assigned reduction was 1.47 percent; for the North Carolina School of Science and Mathematics, the Area Health Education Centers, and UNC General Administration, the reduction was .85 percent. The reduction excluded University School Programs administratively housed within General Administration.

The reduction percentage in 2004-05 was lower than the flexibility reductions in 2002-03 (2.88%) and 2003-04 (3%). The successive years of permanent reductions, however, have made it increasingly difficult for campuses to absorb these reductions in ways that do not harm the overall student experience. Since fiscal year 2001-02, UNC institutions have endured permanent budget reductions of approximately $170 million, and have been under mandatory budget reversions in three of those years that amounted to almost $250 million in operating funds and an additional $54 million in repair and renovations funds. The opportunities foregone during this period of time are enormous, and will impact the experience of UNC students, faculty and staff for many years to come.

Due to these successive rounds of budget reductions and reversions, most campuses were unable to avoid impacting instructional areas. Of the total $23.4 million UNC Management Flexibility Reserve:

- 33.7 percent was extracted from personnel budgets (salaries and benefits), requiring the elimination of 86 positions;
- 26.1 percent came from budgets for current services (e.g. travel, phone services, postage, utilities, printing, repair and maintenance, and data processing);
- 19.3 percent came from supplies and materials budgets (e.g. housekeeping supplies, educational supplies, repair supplies, motor vehicle supplies, and office supplies);
- 10.8 percent came from capital outlay budgets (e.g. office equipment, educational equipment, and motor vehicles);
- 5.5 percent came from budgets for fixed charges (e.g. property and equipment rentals, insurance, and maintenance contracts); and
- 4.8 percent came from other budget line items (e.g. library books, student temporary wages, and other contractual services).

These reductions have impacted all programs, disciplines, activities, and campuses. Of the 86 positions eliminated, 65 were in instructional areas—including 56 faculty positions—and will directly affect students in UNC classrooms.

Continued cuts to departments and divisions that provide crucial support and services have had a detrimental impact on basic campus operations and the quality of the student experience as budgets for facilities, finance and regulatory compliance, information technology, student services, and libraries have been reduced. Since fiscal year 2002-03, the teaching capacity of campuses has been reduced by 343 faculty positions. This has occurred during a time of historic enrollment growth, when UNC institutions have grown by 13,300 students, or a campus approaching the size of Appalachian State University. The loss of core teaching faculty during a time of surging enrollments affects students directly, reducing the number and types of courses offered, increasing student to faculty ratios, and decreasing the time any single faculty member has available to teach, advise, and mentor students. The courses will increasingly be taught by more adjunct and part-time (non tenure-track) instructors.

Losses of SPA and EPA non-teaching positions are equally detrimental to campus operations. In 2004-05, reductions required the elimination of an additional 30 positions that provide enrollment management, advising, orientation, housekeeping, security, information

technology, buildings and grounds maintenance, financial aid, and library services. The loss of these positions lessens each campus's ability to carry out its academic, research, and public service mission.

The direct impact of fiscal year 2004-05 reductions on instructional budgets is $12.3 million. This will affect students in years to come, as fewer course sections are offered, and campuses are forced to hire more part-time and adjunct faculty to teach the sections that remain. Students will find it increasingly difficult to find courses that they need to graduate and to fit all required courses into their schedules. Ironically, unavoidable reductions in advising and faculty contact hours means that many students will have less assistance in monitoring their degree progress at a time when it becomes much more difficult and critical to do so.

Most UNC campuses indicate that repeated budget reductions continue to adversely impact library operations, as evidenced by reduced service hours, decreased availability of materials, and more outdated books and journals. This affects both students and faculty as they work to prepare for the workforce and complete research. Given the long-term effects of previous rounds of reductions and reversions, six campuses chose to exempt their libraries from this round of budget reductions.

Most Chancellors have expressed growing concerns about their diminishing ability to adequately maintain and repair equipment, buildings and grounds. This especially impacts the focused-growth campuses, which have worked deliberately to improve the physical appearance of facilities and grounds. While deeply appreciative of the funding for new buildings and renovations made possible by the November 2000 bond referendum, Chancellors are concerned about operating with fewer dollars as they attempt to maintain and equip expanding facilities. As a direct result of these reductions, UNC campuses will have shrinking budgets for equipment, supplies, and materials. Consequently, students will not have access to the most advanced equipment, because the campuses will not be able to purchase the latest technological equipment in the various disciplines. Computer replacements on the campuses will be deferred, so students will not be training on the most advanced systems.

In general, the Chancellors have expressed apprehension that they have now pushed the limits of efficiencies that can be accomplished without compromising quality. Those savings have been achieved, and further reductions severely impact the type of experience they are able to offer students. Many of the current reductions, the Chancellors have noted, are short-term in

nature but have long-term consequences, as is the case with reductions to budgets for building repair and maintenance. Maintaining the level of quality that students deserve with diminishing resources is an ongoing struggle.

In summary, the impact of budget reductions is cumulative and long-term. Students continue to express the sentiment that they are being asked to pay more at a time when they feel they are receiving fewer and lower quality services. Likewise, faculty and staff express frustration that they are being required to take on the responsibilities of positions that have been eliminated. Comments and impact statements from each institution are included in the following pages. Attachment A provides a summary, by campus, of the reductions implemented to reach the targeted amounts.

Appalachian State University

- ASU's library operating budget was reduced by $450,000, which will curtail the ability of the Library to provide services, books, and journals to students and faculty.
- The operating budget for distance education services, equipment and educational materials was reduced by $250,000.
- Appalachian lost three SPA positions, which will force other employees to assume additional tasks, adversely affect morale, and diminish the quality of services provided to the University community.

East Carolina University, Academic Affairs

- Due to successive years of budget reductions, ECU has passed the point at which the classroom could be protected without impacting the primary academic mission of the university. The cumulative effect of budget reductions previously taken from ECU's academic and administrative support infrastructure has seriously affected ECU's ability to serve students and faculty. Further cuts in areas such as academic equipment, facilities maintenance, Information Technology, and library acquisitions were not possible. Continued reductions in these areas have already had a detrimental impact on basic campus operations and the quality of the overall student experience. As a result, 99% of ECU's 2004-05 management flexibility reduction was from vacant positions.
- ECU struggled with the decision to eliminate 15 faculty positions, which will certainly impact students through the size of classes, the number of advisors, and the number of semesters necessary for degree completion. However, the history of reductions in other areas prevented ECU from obtaining more than 40% of the reduction from non-academic areas.

East Carolina University, Health Affairs

- In addition to the reduction in state appropriations, ECU's Health Affairs budget is coping with the increasing cost of malpractice insurance (approaching 100% over the last 6 years), decreasing reimbursement rates paid by insurance companies, and unprecedented numbers of indigent patients. Dealing with reductions of this magnitude is impacting students and patients.

Elizabeth City State University

- Each instructional unit at ECSU will be required to reduce expenses for supplies, postage, long distance, communications, travel, and equipment. After having absorbed the 3.77% reduction last fiscal year, the additional reduction this year creates particular hardships as the school seeks accreditation for its business and social work programs.

- The reductions will cause a delay in the planned implementation of a comprehensive student leadership development program and will also increase the backlog of routine repair and maintenance throughout the campus.

- Absorption of this additional budget reduction will affect ECSU's recruitment efforts as the institution aims to reach the target of 3,000 headcount students by the fall of 2008. Activities such as alumni and student receptions, recruitment fairs, high school visits, mailings, and hiring of student telemarketers will be limited.

Fayetteville State University

- The reduction of three FSU positions previously located at Fort Bragg will hamper the institution's ability to deliver as many academic courses and services to the Fort Bragg-Pope Air Force Base Education Center as in the past.

North Carolina Agricultural and Technical State University

- In NCA&TSU's academic instructional areas, budgets have been reduced for supplies and materials. As this trend continues, the lack of basic supplies and materials will impact instructional delivery in classrooms. Reductions to supplies as well as to fixed charges are of great concern in maintaining critical subscriptions and memberships that are necessary to maintain various accreditations.

- North Carolina A&T's library has been reduced by $350,000, which will negatively impact the institution's ability to renew and upgrade its periodical collection as well as the ability to subscribe to online services which are becoming a critical library component in the delivery of information.

- The current round of reductions has also forced NCA&TSU to reduce student support services by $150,000. This creates increased difficulties in providing quality services as enrollments continue to grow.

North Carolina Central University

- NCCU complied with the requirement by making reductions of $237,864 in supplies, materials, and current services budgets and $447,151 in capital outlay/equipment.

- The reduction in capital outlay will postpone the purchase of scientific and modern educational equipment including state-of-the-art equipment necessary for effective learning. This reduction will affect NCCU's ability to develop, maintain, and deliver distance education courses for traditional and non-traditional students.

North Carolina School of the Arts

- The cumulative effects of successive rounds of budget reductions have prevented NCSA from protecting the classroom in the latest budget reduction. The 2004-05 reductions will directly impact the classroom as well as impact the scale and character of performances produced, and ultimately reducing the quality of student life.

- The Schools of Dance, Drama, Music, Design and Production, and Filmmaking and the Division of General Studies have responded to this reduction with various strategies. Some schools have filled positions with part time faculty without benefits rather than full time professors. The Schools of Dance and Music have eliminated elective courses, the School of Filmmaking has reduced its student film production budget by 20%, the School of Design and Production will limit use of its premier sound and lighting laboratory spaces and cut back on set building budgets.

North Carolina State University, Academic Affairs

- At NCSU, critical support for tutorial services in several colleges has been curtailed. Additionally, access to and support for scientific and computer labs across campus continues to diminish at a time when all colleges are challenged to replace, upgrade, and repair older equipment to keep labs current and operational.

- Faculty at NC State continue to be limited in the use of classroom supplies such as the development of web materials, photocopying of class syllabi, and basic course materials.

- The 2004-05 reductions to distance education programs at NCSU will negatively impact the institution's ability to produce new distance education courses and programs to meet statewide student demand. Reductions will also slow the ability to handle student registrations in a timely manner.

- Reductions at NC State are negatively impacting faculty recruitment and retention, faculty start-up support, academic program development, professional development and diversity initiatives.

- The reduction of $265,380 in the library budget will decrease the number of books available to faculty and students for instruction and research by approximately 3,300 in fiscal year 2004-05.

- Both undergraduate and graduate student service programs at NCSU will experience diminished services. Student services programs cross a wide variety of programs whose services compliment the instructional mission and improve student life. NC State's budget reductions will affect (but will not be limited to) the following programs: African American Affairs, international programs, ROTC, University Scholars, Counseling Center, Women's Center, the First Year College, the Graduate Student Support Program, the Honors Program, and the Center for Student Leadership, Ethics, and Public Service.

- Reductions to staffing and supplies in Housekeeping and Grounds Maintenance will result in minimal levels of office cleaning and the deferred maintenance of campus grounds. Reductions in architectural and engineering staffing will result in an increased number of projects assigned to each project manager and a reduction in the ability to manage projects effectively. Critical master planning and space planning activities will also be limited. Reduction in skilled trades positions and supplies will negatively impact the amount of preventive maintenance performed on campus resulting in an increase in the deferred maintenance backlog that already exceeds $124 million at NC State.

North Carolina State University, Agricultural Research

- The permanent budget reduction for 2004-05 will result in unfilled research positions in agricultural and resource economics, bioprocessing, structural pest control, and genomics. These positions will remain vacant in order to use the funds to provide adequate operational funds throughout the year.

North Carolina State University, Cooperative Extension Service

- Reductions in the Cooperative Extension Service will include reduced support and loss of positions in programs that involve 4-H and Youth education, agricultural and resource economics, forestry, and family & consumer education. The counties will have fewer field faculty positions and support for those positions in promotion of best management practices in agriculture, in developing sustainable, value-added agricultural enterprises, and in general the enhancement of economic development opportunities statewide.

University of North Carolina at Asheville

- The budget reductions are extremely difficult to manage at UNCA because of record enrollments and the resulting impact of increased service needs of the student population.

- The reduction in equipment funds means that both UNCA and the North Carolina Arboretum will not be able to replace outdated equipment. When facilities management equipment fails, the equipment may have to be taken out of service rather than repaired or replaced.

University of North Carolina at Chapel Hill, Academic Affairs

- Repair and maintenance at UNC-CH, as a result of budget reductions, will continue to be backlogged and reduced. In addition, direct services to student applicants in the admissions process will be reduced. Campus information technology training has also been eliminated.

- The UNC-CH School of Education has managed its share of the reductions by decreasing several outreach programs, including the Mathematics and Science Education Center and its associated Pre-College Program, LEARN NC, and the Research Triangle Schools Partnership Program (RTSP). The reductions will further erode the School's ability to provide service projects and course offerings to the communities of teachers and potential students.

- In the School of Journalism and Mass Communication, the reductions are primarily in non-personnel budgets by slashing funds for basic supply, communication, copying and equipment needs. In addition, the already small budget of the NC Scholastic Media Association was reduced even further. This program is a vital avenue for reaching out to high schools all over the state and for furthering the fundamental freedoms of speech and press in high schools.

- For the third year in a row, the Ackland Art Museum will suspend printing of the schools' brochure that has been used to recruit K-12 school use of the museum as a curriculum resource. Teachers have relied on this brochure, to plan curriculum-structured visits to the museum's exhibitions. Lack of the brochure diminishes the public service.

- Budget reductions will impact the effectiveness of Campus Services at UNC-CH by resulting in increased deferred maintenance and reduced services in the areas of health and safety, mail, UNC One Card, and campus police.

University of North Carolina at Chapel Hill, Health Affairs

- The reduction in funds at the UNC-CH Schools of Medicine and Nursing continue to compromise the ability to maintain the quality, breadth and depth of the educational program and to meet the demand for health care professionals in North Carolina. The impact of this is clear as evidenced by: increased size of quiz sections and less individualized attention, reductions in instructional lab time, and delay in replacement of obsolescent teaching aids.

- In the School of Public Health, a graduate course in Nutrition will not be offered during the spring semester and a web-based Biostatistics course will not be offered in either the fall or spring semesters. This decrease in course offerings directly impacts students who may be unable to adjust to the scheduling issues it creates.

University of North Carolina at Chapel Hill, Area Health Education Centers (AHEC)
(Note: AHEC was reduced by .85%)

- The 2004-05 budget reductions will impact the AHEC program in the following ways:
  - Reduced grants to schools of nursing and to nursing programs in community colleges to develop new clinical training sites;
  - Reduced support at UNC and other academic medical centers, resulting in fewer hours of training by academic faculty in the AHECs;
  - Postponement of planned computer and IT equipment purchases throughout the AHEC system;
  - Reduced support for residency training in the AHECs, in primary care and psychiatry; and
  - Decreased teaching and supervision of residents in community settings.

University of North Carolina at Charlotte

- UNCC no longer absorbs budget reductions without significant impact to the quality of instruction, as well as to academic and administrative support services. The campus has not been able to progress as quickly as desired in reducing class sizes and it has been extremely difficult to provide students with necessary flexibility in scheduling classes.

- New UNCC faculty have not been supported with appropriate start-up funds or necessary operating funds. There are simply not adequate funding provided for academic departments nor are there permanent operating funds for new student support service units such as the Office of Student Success and Retention, Freshman Learning Communities and Honors College. Likewise, there are not adequate operating budgets or staffing levels for existing student services such as the Center for Academic Excellence, Disability Services, the Writing Resource Center and Career Services to meet the needs of a rapidly growing student population.

- The reductions have significantly impacted UNCC's ability to meet the dramatically increasing need for technical staff and operating budgets in the sciences, engineering, and information technology disciplines, but also for many programs that have been developing in the Humanities and Social Sciences. This problem will be become more acute as new state-of-the-art buildings are opened without the necessary staff and equipment to take full advantage of all of the functions for which they were designed.

- The budget cuts have prevented UNCC from adding two new positions to respond to students and families as a result of an increase in aid applicants over the past three years which exceeds the rate of enrollment.

- Maintenance in laboratories, classrooms, learning centers and support spaces continues to be deferred under the continuation of budget reductions. Major projects are delayed; only the most urgent repairs to mitigate greater long-term damage to facilities can be completed.

University of North Carolina at Greensboro

- The 1.47% budget reduction was spread throughout the campus at UNCG. The Division of Academic Affairs lost almost 10 teaching positions, a support position and operating funds. Other divisions also lost several support positions and operating funds.

- The reduction in teaching positions means that UNCG is forced to continue to rely upon more part-time instructors (rather than tenured or tenure-track faculty) to deliver lower-level and service courses.

- More than $400,000 was reduced from operating budgets in the instructional and service units, including the loss of a position in the library and reductions to operating budgets in enrollment services, distance education, international programs and the teaching and learning center.

- The budget reductions force UNCG to address a growing student body with less staff, less operating budgets to supply materials, and less purchasing power for library books, materials and data bases.

University of North Carolina at Pembroke

- The 2004-05 budget reductions at UNCP are not only harming the efficiency and effectiveness of current year operations but will be felt even more severely in future years. As enrollments continue to increase, there is a corresponding growth in the demand for a quality education but also for the expansion of services. It is these student services and academic support areas that are suffering the most from past and current budget reductions.

- UNCP's 2004-05 budget reductions resulted in the elimination of three faculty positions. The university will have fewer faculty than needed and the existing faculty will be serving even more students. Likewise, the Student Affairs, Enrollment Management, Business Affairs, Controller's, Public Safety, and Human Resources Offices will not be able to increase staff and services to sufficiently meet the needs of a growing campus community.

University of North Carolina at Wilmington

- Budget reductions at UNCW have impacted academic operating budgets in the following ways: Computer hardware and software needs for classroom teaching will not be met; office equipment and furniture will not be replenished; faculty professional development, required to attend conferences and present research materials for accreditation, will be reduced; and partnership teaching initiatives, associated with the Watson School of Education Professional Development System will be reduced.

- UNC Wilmington's student support areas will be impacted by losses of tutors in the Math Lab, and the loss of computer science technical assistants who provide assistance in scientific labs, student computer labs and offices.

- Possibly one of the hardest hit areas at UNCW is the administrative support budget. Reduced funding levels in this area will result in continued inadequate levels of support for housekeeping, grounds and landscaping operations, student support and financial aid. Once again, a preventative maintenance program will not be funded, thereby exacerbating an already growing level of maintenance backlogs.

Western Carolina University

- The ongoing series of budget cuts Western has experienced over the last several years has had an increasingly detrimental impact on virtually every department and division of the university. Western has experienced a welcome surge in enrollment over the last two years with a 7.51% increase in headcount students in Fall 2003 and an additional 11% increase in Fall 2004. Continuing budget reductions present WCU with the challenge to serve increasing numbers of students without a sufficient increase in resources. The ability of the campus to fulfill commitments to excellence in teaching, quality service to each student, and engagement with the region is thereby placed in serious jeopardy.

- WCU reduced services across the university by $520,120. Nearly $200,000 of these reductions was in the current services budgets of academic departments. These reductions will affect the support of faculty members in pursuit of their scholarly work. Reductions in current services also diminish funds available in departments for expenses such as postage, telephone, printing and repair and maintenance. Significant increases in enrollment have resulted in corresponding increases in these types of necessary expenses. WCU's efforts to both recruit and retain larger numbers of students are seriously hampered by continued reductions in operating budgets.

- The reductions at Western have also caused decreases in capital outlay budgets ($175,000). As a result of multiple years of budget cuts, WCU now has 2033 desktop computers that are so old that they are incapable of running vendor-supported operating systems. These computers represent both as security threat and a source of inefficiency, as well as direct costs to support the machines. Although replacing faculty and student-use computers has been a priority, large numbers of computers are significantly below the level needed to run software that is the standard for the academic areas. Bringing all desktops up to current standards would require $2,835,200, a total that increases with each additional year of budget reductions. As a result, students are not learning current systems in some areas or are having to "make do" with static demonstrations instead of hands-on experiences. Continued erosion in these areas could threaten program accreditation and impact the readiness of graduates to meet employers' needs in North Carolina.

Winston-Salem State University

- The 1.47% reduction in state appropriations for fiscal year 2005 may seem minimal; its aggregate impact must be viewed in the fuller context of total reductions experienced over the last three years at WSSU. The previous years of reductions removed the available options for optimally managing the reductions and reducing their impact at a time when the university continues to experience strong enrollment growth.

- The reduction in 2004-05 will affect WSSU's Academic Affairs Division by causing additional delays or revisions to initiatives for new and enhanced academic programs. Additionally, programs must manage with less funding for supplies and equipment despite growth in demand for most of them. Technology and equipment initiatives must also be revisited for possible revision, delay or cancellation. Furthermore, some planned equipment purchases to enhance accreditation readiness may be delayed once again in several academic programs.

North Carolina School of Science and Mathematics
(Note: NCSSM was reduced by .85%)

- The budget reductions at NCSSM will have a significant impact on the classroom and the library services for NCSSM students. The reduction in Academic Programs will delay purchasing computer equipment that is used in the delivery of instruction through technology to students. The science lab will not have eight computers needed to make it a working lab for students. Faculty will be limited in the amount of printing and copying of instructional materials that they provide to students. The library will have to restrict the use of educational supplies provided to students.

University of North Carolina –General Administration
(Note: UNC-GA was reduced by .85%)

- UNC-General Administration encompasses not only the UNC Office of the President, but also the affiliates and organizations that reside under the UNC umbrella, including UNC-TV, the State Education Assistance Authority, the NC Center for School Leadership Development and its various components, NC Education Pathways, the NC Center for Nursing, and the NC Progress Board, amount others. The Office of the President accounts for roughly 23% of General Administration's base budget; while UNC Center for Public Television, UNC Network Services, UNC Supercomputing and NCREN, NC Center for School Leadership Development and other affiliated program sand pass-through appropriations for statewide networking and supercomputing services account for the remaining 77%.

- The reductions to the UNC Center for Public Television have a widespread impact. The viewing public will likely see more repeat programming, less coverage of statewide events (e.g. NC Now), and fewer hours of original programming. Although the 2000 Higher Education Bonds provided the equipment funds for the digital television (DTV) initiative, budget reductions have affected the operating funds such that this initiative may be delayed. The collaborative efforts between UNC TV and the NC Community College System for developing DTV educational initiatives will be delayed or cut altogether. Furthermore, the number of operating hours of DTV will be decreased.

- The reductions to the UNC Network Services resulted in reduced EDP network equipment replacement and communications budgets required to support the UNC Library Networks Services. Deferred equipment replacement will result in network outages and periodic loss of critical library resources to UNC students and other education institutions for the state.

- The reductions to the UNC Office of the President impact all divisions through reductions in current services (phone, postage, travel, printing, repair and maintenance, data processing services). In addition, budgeted salary and benefits for critical vacant positions were reduced, thereby jeopardizing the ability to attract the critical skill sets necessary to oversee, manage, and direct the UNC Human Resources and Program Assessment and Public Service roles for the University. Such skill sets are required to fulfill the increasing regulatory, State and Federal compliance, and management oversight responsibilities for the University's academic, research and public service mission. These reductions will have a far-reaching impact by limiting UNC-OP's ability to communicate with the constituent campuses, legislature, media, and other interested parties on operational policy, governance, coordinated services and reporting. The organization will also be forced to delay required replacement of information technology and various mechanical systems, which will result in loss of productivity, system outages, and increased maintenance costs.

- All affiliated programs of UNC General Administration are in the process of scaling back services to their constituents in order to meet the mandated budget reduction. The North Carolina Center for International Understanding will reduce services to exchange participants while the North Carolina Center for Nursing will reduce grants designed to recruit and retain nurses. NC Education Pathways has reduced training opportunities used to educate counselors and media specialists about the CFNC website. The State Education Assistance Authority has reduced contracted defaulted loan services and financial aid publication costs. The UNC Shared Services Alliance reductions will delay full implementation of the UNC Banner Finance and Human Resource systems rollout. The UNC Teaching and Learning with Technology collaborative will have reduced funding to expand distance education technologies for UNC faculty.

University of North Carolina –General Administration, Institutional Programs
(Note: UNC-GA, Inst. Programs was reduced by $70,101)

- This operating budget code provides for the identification of specific program reserves that are subsequently allocated to the constituent institutions. Financial aid reserves were excluded from the reductions.

- Reductions to the Focused Growth New Program Development budget will reduce the funds available to the seven focused growth campuses that are used to establish and develop new academic programs to attract target enrollment populations.

- Reductions to the Teacher Preparation Distance Education program budget will reduce the amount o funds available to the University to make teacher education 2+2 credential programs easily accessible statewide through distance education.

THE UNIVERSITY OF NORTH CAROLINA
BUDGET REDUCTIONS SUMMARY

	Personnel	Supplies & Materials	Current Services	Fixed Charges	Capital Outlay	Other*	Total Reductions
ASU	(86,195)	(954,033)	(39,526)	0	(14,898)	(133,726)	**(1,228,378)**
ECU, AA	(1,816,675)	0	(25,858)	0	0	0	**(1,842,533)**
ECU, HA	(642,057)	0	(3,000)	0	0	0	**(645,057)**
ECSU	0	(45,948)	(130,588)	(118,528)	(44,136)	0	**(339,200)**
FSU	(163,158)	0	(324,676)	0	0	0	**(487,834)**
NCA&T	0	(115,473)	(75,000)	(420,000)	(305,000)	0	**(915,473)**
NCCU	0	(77,500)	(160,364)	0	(447,151)	0	**(685,015)**
NCSA	(280,042)	(4,639)	0	0	0	0	**(284,681)**
NCSU	(3,084,588)	(173,309)	(173,311)	(173,308)	(173,309)	(232,770)	**(4,010,595)**
NCSU. Ag Research	(236,327)	(105,651)	(105,651)	(105,651)	(105,651)	0	**(658,931)**
NCSU, Coop. Extension	0	(128,916)	(128,915)	(128,916)	(128,916)	0	**(515,663)**
UNCA	0	(100,000)	(100,000)	0	(158,467)	0	**(358,467)**
UNC-CH, AA	(18,337)	(12,231)	(2,373,969)	(90,313)	(91,958)	(270,926)	**(2,857,734)**
UNC-CH, HA	(144,047)	(2,126,421)	(24,776)	0	0	0	**(2,295,244)**
UNC-CH, AHEC	(30,028)	(6,637)	(9,284)	0	(17,048)	(313,622)	**(376,619)**
UNCC	0	(240,000)	(724,045)	(225,000)	(325,000)	0	**(1,514,045)**
UNCG	(1,062,120)	(10,432)	(113,173)	(17,216)	(184,769)	0	**(1,387,710)**
UNCP	(240,000)	0	(237,927)	0	0	0	**(477,927)**
UNCW	(75,000)	(275,000)	(458,190)	0	(50,000)	0	**(858,190)**
WCU	0	0	(510,120)	0	(175,000)	(80,947)	**(766,067)**
WSSU	0	(108,737)	(40,000)	0	(295,108)	0	**(443,845)**
UNC-GA, Operating	0	0	(272,909)	(1,970)	0	0	**(274,879)**
UNC-GA, Inst. Programs	0	0	0	0	0	(70,101)	**(70,101)**
NCSSM	0	(18,293)	(70,945)	0	0	(13,438)	**(102,676)**
Total	**(7,878,574)**	**(4,503,220)**	**(6,102,227)**	**(1,280,902)**	**(2,516,411)**	**(1,115,530)**	**(23,396,864)**

* *This column includes library books, student temporary wages, and contractual services.*

VISITOR REGISTRATION SHEET

Joint Appropriations Education/Higher Education — March 30, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Andy Willis	NC State
Hal Miller	NCACCT
Jodi Maynard	CMS
Lu-Ann Cole	CTA
Rebecca Troxler	NCACC

VISITOR REGISTRATION SHEET

Joint Appropriations Education/Higher Education — March 30, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
J Ann Ross	Public School Forum
Trey O'Quinn	OSBM
Elizabeth Hoverstein	OSBM
Bryan J Conrad	OSBM
Anne Bander	OSBM
Molly Ryan	NCSBA
Ann McArthur	Governor's Office
Jenna Ayer	SBE/DPI
Don McConnochie	SAS
Mark Fleming	University
[illegible]	[illegible]

VISITOR REGISTRATION SHEET

Joint Appropriations Education/Higher Education — March 30, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
	WCPSS
	Gov's office
	NCSBE
	VIF

VISITOR REGISTRATION SHEET

Joint Appropriations Education/Higher Education — March 30, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jeff Davis	UNC
Rob Nelson	UNC
Wayne McDevitt	UNC
DAVID DUNN	UNC CHARLOTTE 49ERS!
Karen Baumhower	Appalachian St Univ
Mark Lanier	UNC W
Ginger Brooks	UNC
Claudia Odom	UNC
Tripp Melton	Intern
Michael Houser	NCAE Go Wolfpack!
Bob Kennedy	Council of UNC Alumni

Joint Appropriations Subcommittee on Education

Agenda

Thursday, March 31, 2005, 8:30 A.M.

Room 421, Legislative Office Building

Rep. Jeffus, Presiding

I. Welcome

II. North Carolina Independent Colleges & Universities

Dr. A. Hope Williams, President

III. UNC Financial Aid /Tuition & Fees

Richard Bostic, Fiscal Research Division

IV. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

March 31, 2005

The Joint Appropriations Subcommittee on Education met on Thursday, March 31, 2005 in Room 421 of the Legislative Office Building. Chairman Jeffus called the meeting to order at 8:30 a.m. and recognized the Pages and the Fiscal Staff. A Visitor Registration Sheet is attached as a part of these Minutes.

Members present were: Representative(s) Tolson, Chair; Yongue, Chair; Senator(s) Lucas , Chair and Swindell,Chair; Representatives Rapp, Vice Chair; Bell, Cleveland, Fisher, Hilton, Parmon, Pate, Sauls; Senator(s) Atwater, Hartsell and Stevens.

Chairman Jeffus stated that the Committee would hear presentations from the Independent Colleges and from the Fiscal Staff regarding financial aid for the University System.

Dr. Hope Williams, President of the North Carolina Independent Colleges and Universities was recognized. Dr. Williams gave the Committee an overview of the 36 private colleges and universities in the State. She stressed the need for incentive programs ; i.e. scholarships, loan forgiveness to help recruit students into the teacher ed programs. These colleges and universities prepare one-fourth of the teachers who graduate from NC institutions.

Richard Bostic, with the Fiscal Staff was recognized to make a power point presentation on UNC Financial Aid/Tuition and Fees. A copy of the presentation is attached to these minutes. He reviewed the aid programs such as the Teacher Assistant Scholarships, the Principal Fellows Program, the Millennium Teacher Scholarship Program, the Prospective Teacher Scholars Program, and the Teaching Fellows Program among others. A copy of his presentation is attached to these minutes.

The Education Appropriations Chairs have requested the university, community colleges and public schools representatives present reduction options to the Committee. The next meeting will be held at 3:00 p.m., Monday April 4 in Room 421 of the Legislative Office Building.

There being no further business, the meeting was adjourned at 9:45 a.m.

Rep. Maggie Jeffus
Representative Maggie Jeffus, Chair

Shirley F. Phillips
Shirley D. Phillips, Comm. Assistant

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Member Colleges and Universities

Barton College, *Wilson*
Belmont Abbey College, *Belmont*
Bennett College, *Greensboro*
Brevard College, *Brevard*
Cabarrus College of Health Sciences, *Concord*
Campbell University, *Buies Creek*
Catawba College, *Salisbury*
Chowan College, *Murfreesboro*
Davidson College, *Davidson*
Duke University, *Durham*
Elon University, *Elon*
Gardner-Webb University, *Boiling Springs*
Greensboro College, *Greensboro*
Guilford College, *Greensboro*
High Point University, *High Point*
Johnson C. Smith University, *Charlotte*
Lees-McRae College, *Banner Elk*
Lenoir-Rhyne College, *Hickory*
Livingstone College, *Salisbury*
Louisburg College, *Louisburg*
Mars Hill College, *Mars Hill*
Meredith College, *Raleigh*
Methodist College, *Fayetteville*
Montreat College, *Montreat*
Mount Olive College, *Mount Olive*
NC Wesleyan College, *Rocky Mount*
Peace College, *Raleigh*
Pfeiffer University, *Misenheimer*
Queens University of Charlotte, *Charlotte*
St. Andrews Presbyterian College, *Laurinburg*
Saint Augustine's College, *Raleigh*
Salem College, *Winston-Salem*
Shaw University, *Raleigh*
Wake Forest University, *Winston-Salem*
Warren Wilson College, *Asheville*
Wingate University, *Wingate*

North Carolina Independent Colleges and Universities





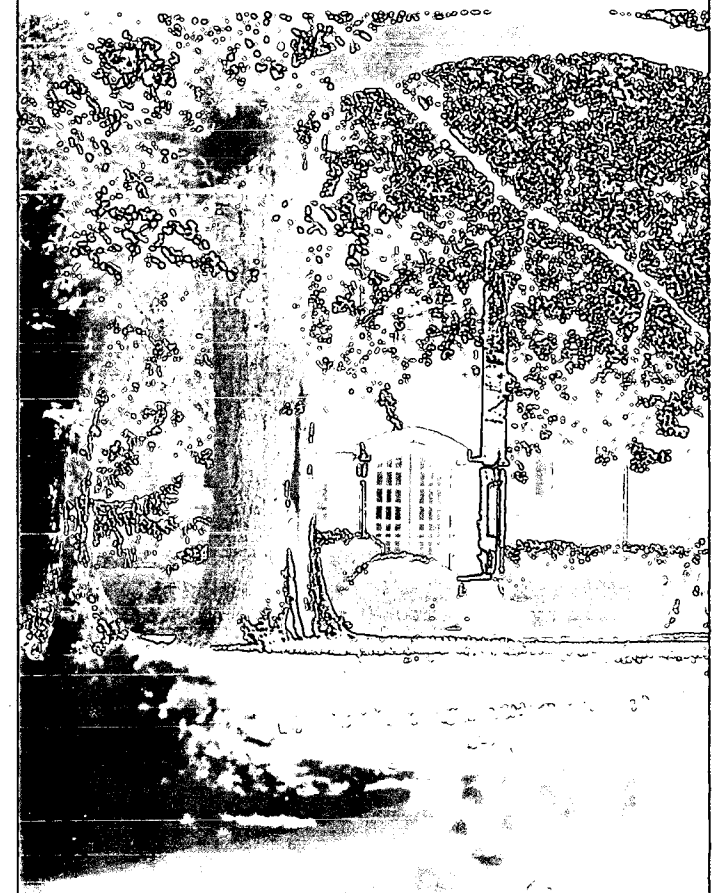




North Carolina Independent Colleges and Universities
879-A Washington Street
Raleigh, North Carolina 27605

Phone: 919.832.5817
Fax: 919.829.7358
Web: www.ncicu.org

North Carolina INDEPENDENT Colleges & Universities



Quick Facts

About Private Colleges and Universities in North Carolina

Colleges and Universities

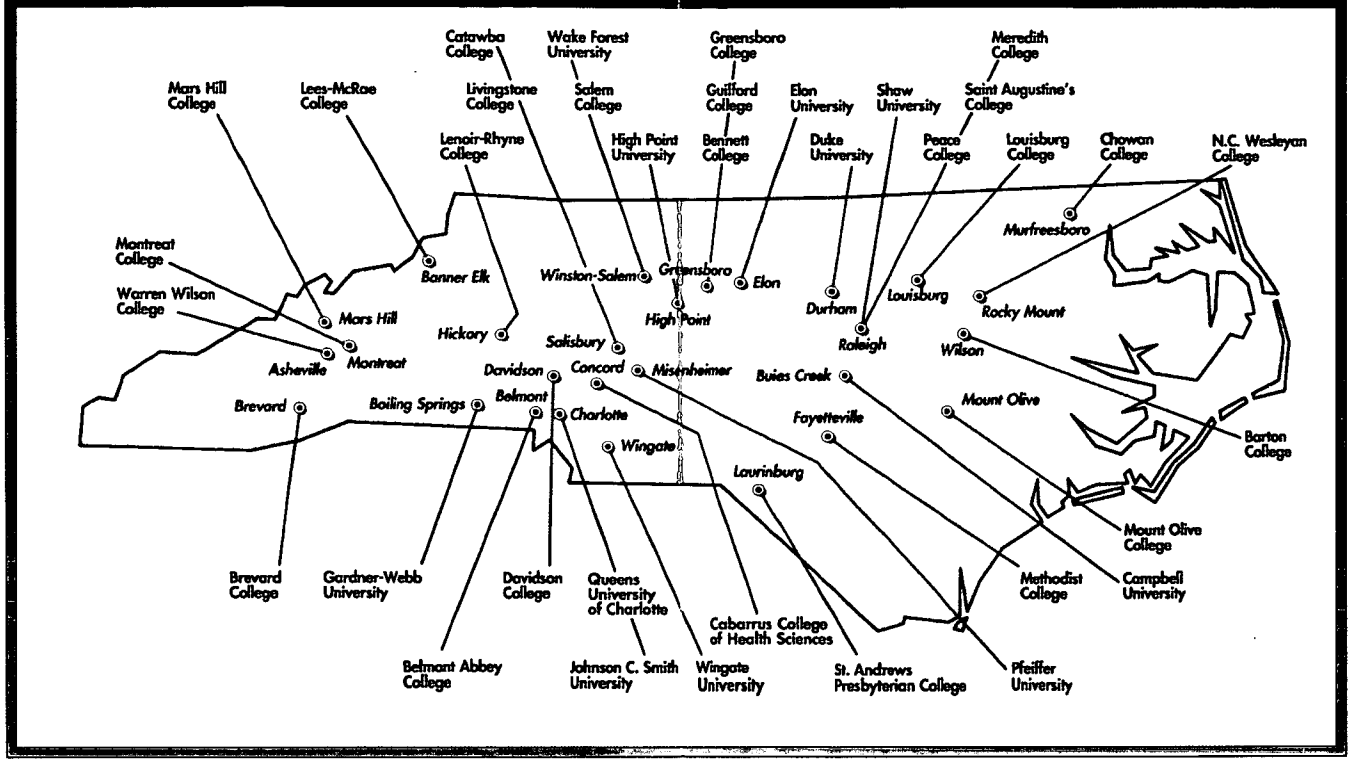
Background

North Carolina has 36 non-profit private, or independent, colleges and universities, each of which is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. These colleges and universities enroll more than 63,000 undergraduate students, including 37,000 North Carolinians and 14,000 graduate and professional students for a total of 77,000 students.

Facts

- Independent colleges and universities have a total economic impact on the state of over $6.67 billion a year.
- More than 1,000 North Carolina citizens serve on individual boards of trustees.
- North Carolina private colleges and universities award more than $245 million in institutional aid, $306 million in federal aid, and $88 million in state aid to students.
- Average tuition at private colleges and universities in North Carolina is $16,142, below the national average.
- Private colleges and universities grant almost one-third of the baccalaureate degrees, nearly 50 percent of the medical degrees, and more than half of the law degrees awarded each year in North Carolina.
- Independent colleges and universities prepare one-fourth of the teachers who graduate from North Carolina institutions.
- Private university medical centers provide millions of dollars in charitable health care annually to North Carolina citizens.

North Carolina Independent Colleges and Universities Map



State Grants for Students

Background

The North Carolina General Assembly has provided aid for over 30 years to North Carolina students attending the state's private colleges and universities. The two state aid programs are the Legislative Tuition Grant (LTG) and the State Contractual Scholarship Fund (SCSF).

The LTG provides $1,800 to every full-time, North Carolina resident enrolled in a private college. The SCSF is based on $1,100 per full-time equivalent student (FTE) from North Carolina. This grant is awarded in varying amounts to financially needy students.

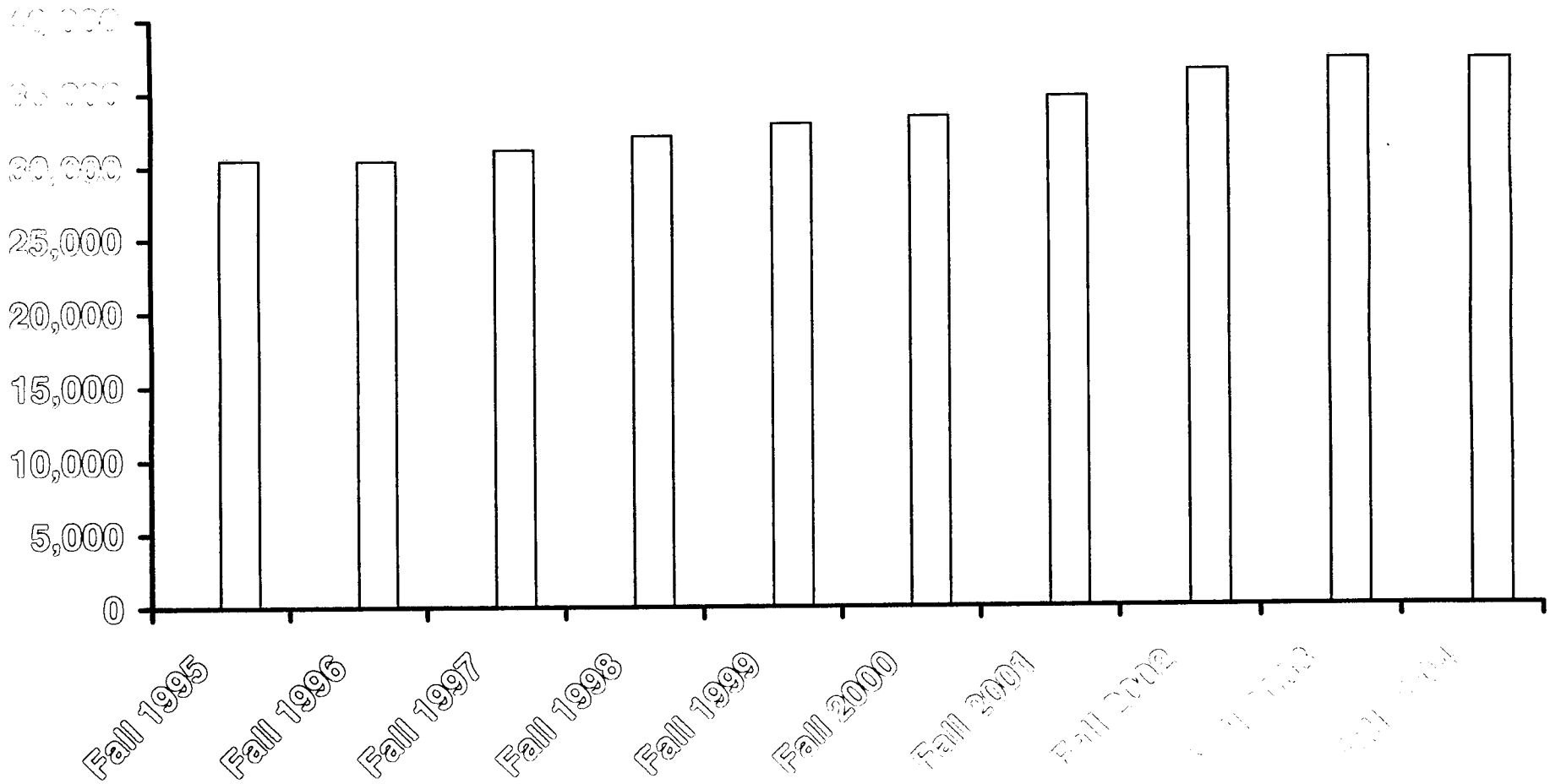
Facts

- The state grant programs are audited by independent accounting firms. These programs also are monitored and reviewed by the North Carolina State Education Assistance Authority.
- Taxpayers save more than $200,000,000 in operating costs alone because of the 37,000 state residents attending the state's private colleges and universities.
- Nearly one-third of all students receive federal Pell Grants. More than 90 percent of the students on some campuses receive financial aid.
- State financial support is a critical part of assistance that allows many college students to be able to choose to attend a private college or university that is the best match for them.

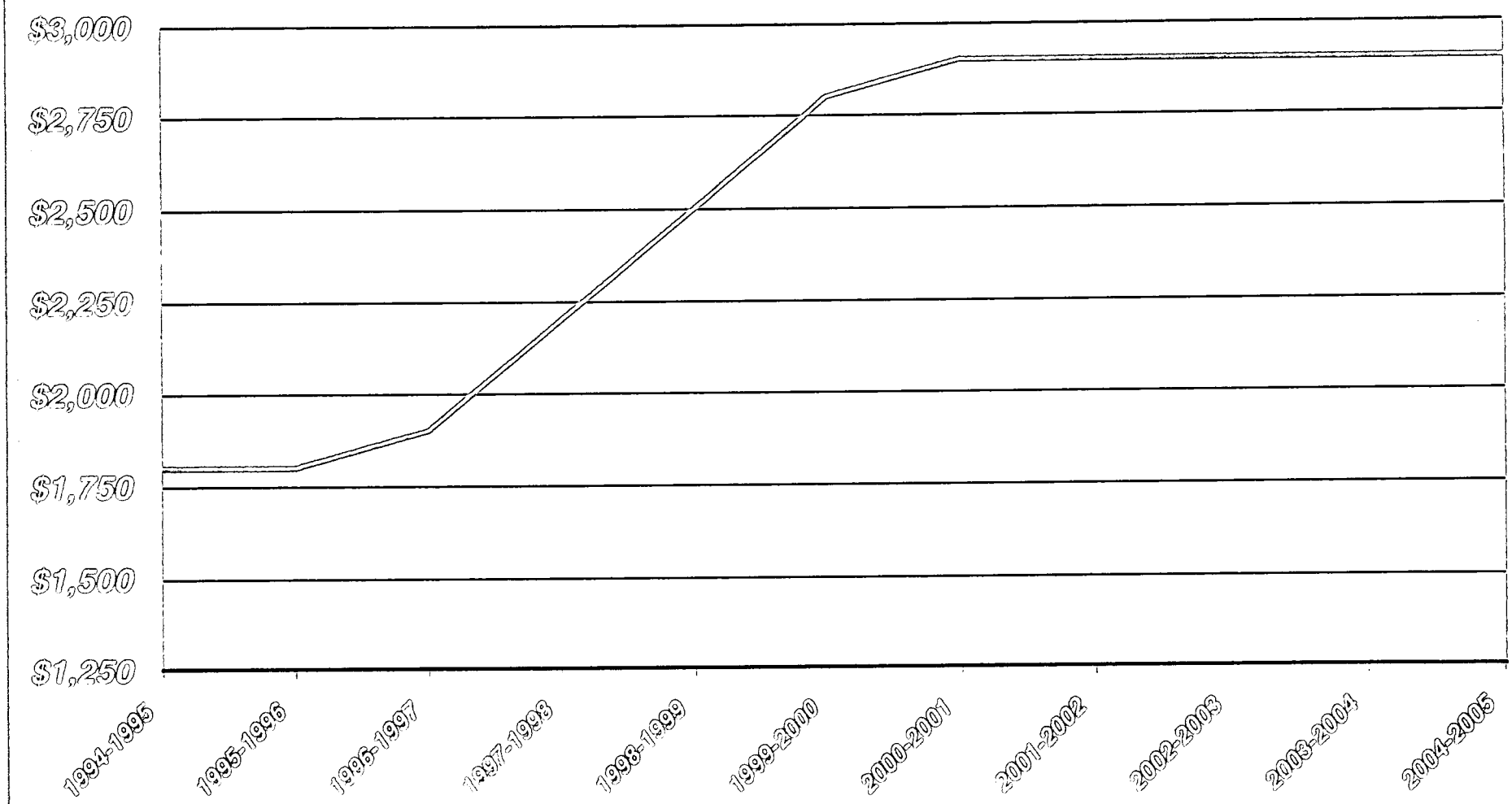
Home Base by County of North Carolina Undergraduate Students Attending Independent Colleges and Universities

Alamance	515
Alexander	104
Alleghany	35
Anson	99
Ashe	48
Avery	70
Beaufort	116
Bertie	89
Bladen	104
Brunswick	148
Buncombe	818
Burke	287
Cabarrus	652
Caldwell	173
Camden	14
Carteret	142
Caswell	34
Catawba	683
Chatham	142
Cherokee	43
Chowan	24
Clay	12
Cleveland	479
Columbus	136
Craven	268
Cumberland	2,501
Currituck	42
Dare	69
Davidson	579
Davie	142
Duplin	235
Durham	881
Edgecombe	258
Forsyth	1,910
Franklin	229
Gaston	761
Gates	41
Graham	16
Granville	147
Greene	46
Guilford	2,832
Halifax	198
Harnett	606
Haywood	90
Henderson	256
Hertford	159
Hoke	133
Hyde	8
Iredell	446
Jackson	63
Johnston	527
Jones	31
Lee	214
Lenoir	232
Lincoln	215
Macon	31
Madison	110
Martin	71
McDowell	143
Mecklenburg	2,916
Mitchell	72
Montgomery	123
Moore	313
Nash	513
New Hanover	468
Northampton	89
Onslow	1,188
Orange	435
Pamlico	36
Pasquotank	53
Pender	118
Perquimans	16
Person	88
Pitt	405
Polk	43
Randolph	442
Richmond	106
Robeson	140
Rockingham	241
Rowan	918
Rutherford	229
Sampson	222
Scotland	108
Stanly	356
Stokes	156
Surry	275
Swain	127
Transylvania	119
Tyrrell	12
Union	491
Vance	131
Wake	4,165
Warren	74
Washington	30
Watauga	58
Wayne	1,214
Wilkes	175
Wilson	461
Yadkin	123
Yancey	67
TOTAL	36,773

Undergraduate NC Headcount Enrollment in NC Independent Colleges & Universities



Total Per Student Legislative Tuition Grant & State Contractual Scholarship Fund



Financial Aid



North Carolina General Assembly

Joint Legislative Appropriations Subcommittee on Education

March 31, 2005

Estimated Price of Attending UNC System – Residents FY 2004-05

Tuition	$2,239
Fees	1,233
Room and Board	6,222
Books/Supplies	853
Transportation	774
Other Expenses	1,659
	$12,980

NOTE: Tuition and Fees are UNC actual. Other costs are from College Board's Trends in College Pricing.

North Carolina Family Income and EFC

	2001 Income	2002-2003 Average EFC
1st Quintile	$0 to $23,080	$324
2nd Quintile	$23,081 to $37,800	$2,228
3rd Quintile	$37,801 to $55,000	$4,412
4th Quintile	$55,001 to $81,240	$8,460
5th Quintile	$81,241 and above	$20,914

Percentage of Family Income Needed to Pay for Public University

Income	
1st Quintile	58.5%
2nd Quintile	27.7%
3rd Quintile	18.3%
4th Quintile	12.7%
5th Quintile	7.7%

The National Information Center for Higher Education Policymaking and Analysis.

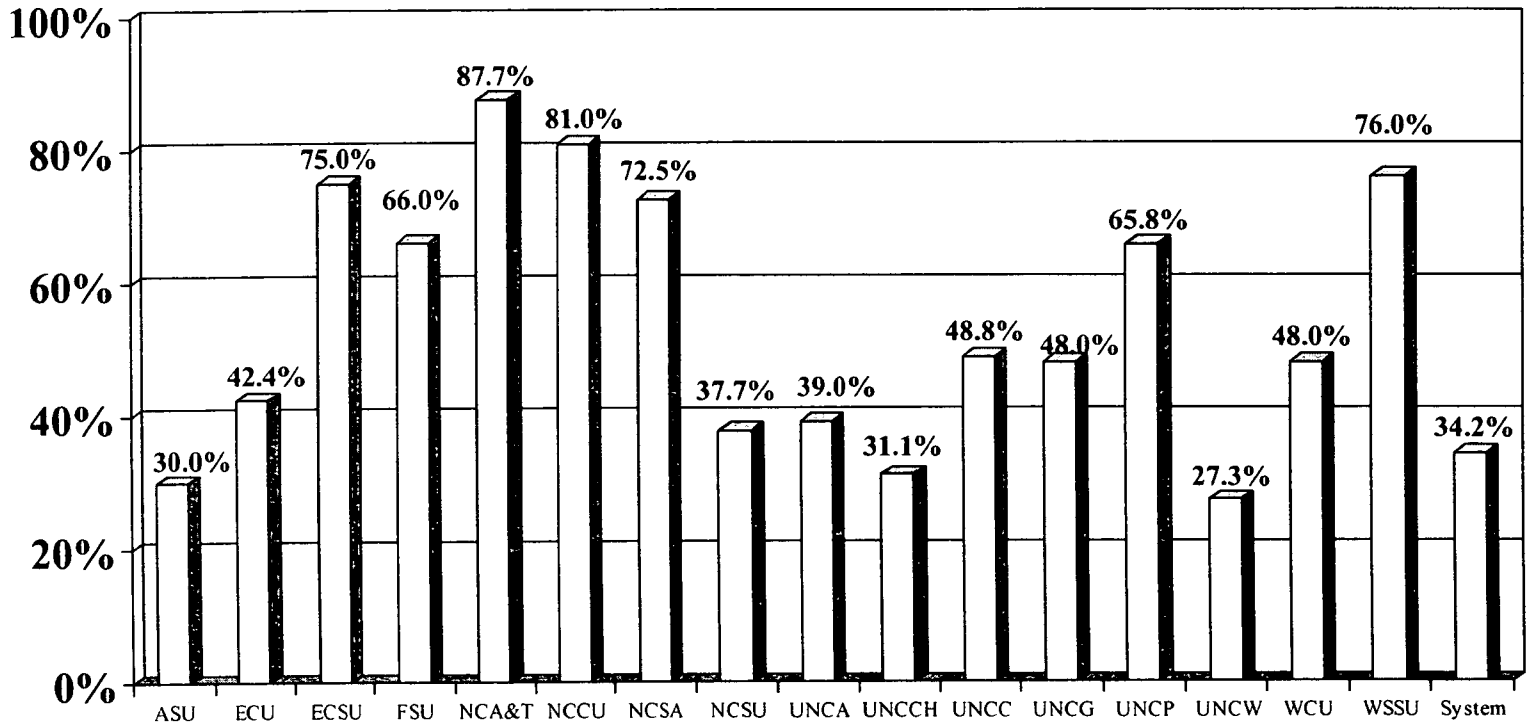
NC 2001 Income Data by Filing Status

Adjusted Gross Income	Married Filing Jointly	Head of Household
$20,000 or less	12.9%	55.0%
$20,000 to $30,000	10.7%	24.9%
$30,000 to $50,000	22.0%	15.1%
$50,000 to $75,000	25.2%	3.6%
$75,000 to $100,000	13.7%	.8%
$100,000 and above	15.5%	.6%
	100.0%	100.0%
Total Tax Returns	**1,472,595**	**630,234**

SOURCE: IRS

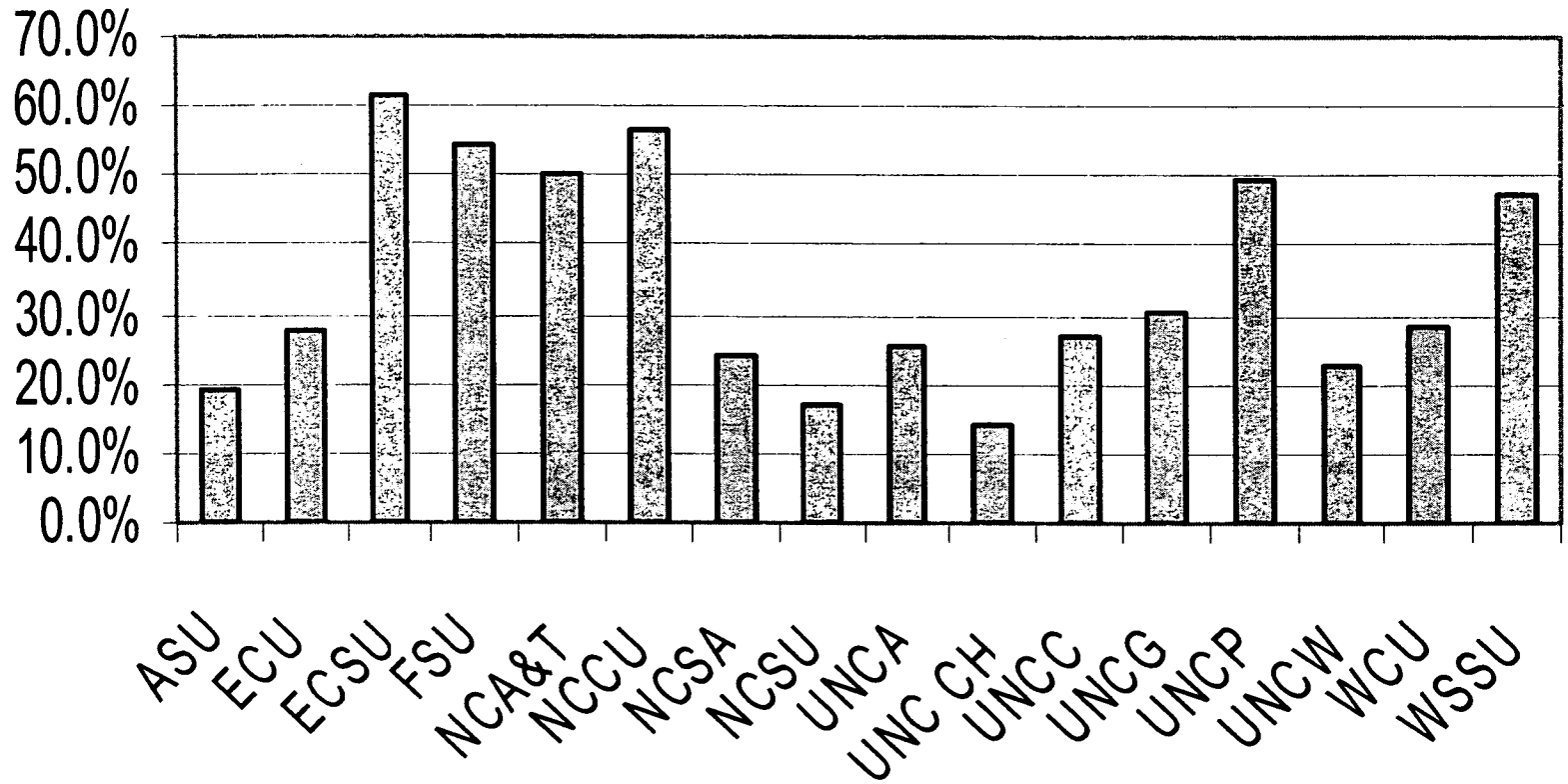
Percentage of Undergraduates Receiving Need-Based Financial Aid

Fall 2002



UNC Institutional Profiles 2004-05 Edition

% of Undergraduates Receiving Pell Grants
FY 03-04



SOURCE: UNC General Administration

Health Related Aid

- Health, Science and Math Programs
- Nurse Education Scholarship Loan Program
- Nurse Scholars Program
- Private Medical School Aid
- Medical Scholarships
- Dental Scholars

Health, Science & Math Programs

- Need Based Loan
  - $3,000/year for 2 years Associate Degree
  - $5,000/year for 2 years Baccalaureate Degree
  - $6,500/year for 2 years Master's Degree
  - $8,500/year for 4 years Health Professional/Doctoral program
- Repay 1 year of service in NC for 1 year scholarship
- $822,779 budgeted from General Fund; need $1.1 million in 05-06
- 375 recipients in FY 04-05
  83.2% in-state (312)
  16.8% out-of-state (63)
- Out-of-state were in Optometry (31)
  Podiatry (10)
  Dentistry (4)
  Medicine (8)
  Pharmacy (5)

Degree Level	% of total	Number	Fields of Study									
			Allied Health and Nursing	Math	Science	Engineering	Optometry	Podiatry	Veterinary	Dentistry	Other Med	Social Work
Associates												
In State	6.7%	25	25									
Out-of state	0.0%	0										
Baccaulaurete												
In State	7.7%	29	25	1	2	1						
Out-of state	0.0%	0										
Masters												
In State	12.3%	46	42	1	1							2
Out-of state	1.1%	4	2									2
Doctorate												
In State	20.5%	77							16	25	36	
Out-of state	14.4%	54			1		31	10		4	8	
Pharmarcy												
In State	36.0%	135										
Out-of state	1.3%	5										
Total	100.0%	375	94	2	4	1	31	10	16	29	44	4
NC	83.2%											
Out of State	16.8%											

Nurse Education Scholarship
Loan Program

- Need Based Loan
- Maximum is $3,000 for Associate and $5,000 for Baccalaureate degrees
- Loan cancelled for each month practicing in NC; $417/month RN and $250/month LPN
- $867,756 budgeted from General Fund

Nurse Scholars Program

- Merit Based
- Up to $3,000/year for 2 years for Associate

  Up to $5,000/year for four years for Baccalaureate

  Up to $6,000/year for 2 years for Masters
- Work 1 year for each year of aid
- $3,426,482 budgeted for General Fund
- Bd. of Gov. recommends additional $1.33 million

Private Medical School Aid

- 177 Wake Forest - $8,000 for each NC resident
- 90% stay Duke - $5,000 for each NC resident; if over 30 enrolled students an additional $1,000 per student
- Schools encouraged to orient student to primary care
- No requirement to serve in NC
- 226 enrolled in FY 2004-05 at cost of $1,634,000
- General Fund appropriation is $2,021,788

Private Medical School Aid

- Assuming all current resident students return to school and the incoming class has the same percentage of NC residents as previous years, then Duke will have 60 students and WFU will have 177 students in FY 05-06.

- This number of students will require $1.7 million of the $2 million appropriation.

- The $330,212 increase in the base budget is not needed.

Medical Scholarships

- Need Based NC Residents
- $5,000 stipend plus tuition and mandatory fees
- 20 awarded each year to medical students at UNC, ECU, Duke and Wake Forest
- Current year has 50 students UNC & ECU and 25 from WFU and Duke with estimated cost of $1,580,640
- Program has $1,718,215 budget.
- In FY 04-05, $645,000 of program funded from Escheat Fund
- Governor recommends repayment provision based on service in NC

Medical Scholarships

- Assuming all aid recipients return to school and the number of students in entering class is similar to past classes, then 75 scholarships will be awarded in FY 05-06. Allowing the increased tuition and fees projected by the schools, the cost for FY 05-06 is $1,563,551. This is $154,664 less than the base budget.
- There is no need for the $613,700 increase in FY 05-06.

BOARD OF GOVERNORS MEDICAL SCHOLARSHIP
BUDGET FOR 2004-05

		Fall 2004					Spring 2005					Summer 2005			Grand Yearly
School	Year	# of Stdnts	Tuition & Fees	Med. Ins.	Stipend	Total Sem Cost	# of Stdnts	Tuition & Fees	Med. Ins.	Stipend	Total Sem Cost	# of Stdnts	Tuition & Fees	Total Sum Cost	Total
DU	1ST	2	17,112.50		2,500	39,225.00	2	16,797.50		2,500	38,595.00		0	0	$77,820.00
	2ND	1	11,311.50		2,500	13,811.50	1	11,311.50		2,500	13,811.50	1	11,311.50	11,311.50	$38,934.50
	3RD	1	11,311.50		2,500	13,811.50	1	11,311.50		2,500	13,811.50	1	11,311.50	11,311.50	$38,934.50
	4TH	1	16,797.50		2,500	19,297.50	1	16,797.50		2,500	19,297.50		0	0	$38,595.00
	5TH	0	-	0	0	-		-	0	0	-		0	0	$0.00
Totals		5	73,645.50	0	12,500	86,145.50	5	73,015.50	0	12,500	85,515.50	2	22,623.00	22,623.00	$194,284.00
ECU	1ST	5	3,247.53		2,500	28,737.65	5	3,247.53		2,500	28,737.65				$57,475.30
	2ND	6	3,000.80		2,500	33,004.80	6	3,000.80		2,500	33,004.80				$66,009.60
	3RD	1	3,000.80		2,500	5,500.80	1	3,000.80		2,500	5,500.80				$11,001.60
	4TH	3	3,000.80		2,500	16,502.40	3	3,000.80		2,500	16,502.40				$33,004.80
	5TH	0	-	0	0	-		-	0	0	-				$0.00
Totals		15	46,245.65	0	37,500	83,745.65	15	46,245.65	0	37,500	83,745.65				$167,491.30
UNC-CH	1ST	10	4,473.51		2,500	69,735.10	10	4,438.51		2,500	69,385.10		0	0	$139,120.20
	2ND	8	4,438.51		2,500	55,508.08	8	4,438.51		2,500	55,508.08	8	624.00	4,992.00	$116,008.16
	3RD	10	4,184.01		2,500	66,840.10	10	4,184.01		2,500	66,840.10	10	624.00	6,240.00	$139,920.20
	4TH	6	4,892.96		2,500	44,357.76	6	3,075.11		2,500	33,450.66		0	0	$77,808.42
	5TH	1	3,893.14	0	2,500	6,393.14	1	2,802.43	0	2,500	5,302.43		0	0	$11,695.57
Totals		35	155,334.18	0	87,500	242,834.18	35	142,986.37		87,500	230,486.37	18	11,232.00	11,232.00	$484,552.55
WFU	1ST	2	14,758.00		2,500	34,516.00	2	14,758.00		2,500	34,516.00				$69,032.00
	2ND	5	16,508.00		2,500	95,040.00	5	16,508.00		2,500	95,040.00				$190,080.00
	3RD	4	16,508.00		2,500	76,032.00	4	16,508.00		2,500	76,032.00				$152,064.00
	4TH	6	16,508.00		2,500	114,048.00	6	16,508.00		2,500	114,048.00				$228,096.00
	5TH	3	16,508.00		2,500	57,024.00	2	16,508.00		2,500	38,016.00				$95,040.00
Totals		20	326,660.00	0	50,000	376,660.00	19	310,152.00	0	47,500	357,652.00				$734,312.00
Grand Totals		75	601,885.33	0	187,500	789,385.33	74	572,399.52	0	185,000	757,399.52	20	33,855.00	33,855.00	**$1,580,639.85**

Duke University and UNC Chapel Hill will have summer school for their 2 & 3 year students. Summer school students and amounts are estimates.
ECU & Wake Forest University do not have summer school.

Dental Scholars

- Need Based NC Residents
- $5,000 stipend plus tuition, mandatory fees and special equipment
- 8 awarded each year
- $541,367 General Fund expended in FY 03-04
- Increase of $211,669 requested in FY 05-06
- Governor recommends repayment provision based on service in NC

repayment = ①

Teacher Programs

- Teacher Assistants Scholarships
- Principal Fellows Program
- Millennium Teacher Scholarship Program
- Prospective Teacher Scholars Program
- Strengthen Teacher Education
- Teaching Fellows (budgeted in DPI)

Teacher Assistant Scholarship Fund

- Provide scholarships to teacher assistants pursuing college degrees to become teachers
- Administered by SEAA
- For full-time and part-time students
- 239 recipients in FY 03-04
- Total awarded $950,700
- Average award $3,978
- GF appropriation $964,174

FOURTH ANNUAL REPORT

TEACHER ASSISTANT SCHOLARSHIP FUND

ANNUAL REPORT

2003-04 ACADEMIC YEAR

February 11, 2005

Submitted by the University of North Carolina Board of Governors in response to North Carolina Session Laws 2001, Chapter 424, Section 31.5 of the North Carolina General Assembly.

Teacher Assistant Scholarship Fund
Annual Report
2003-04 Academic Year

The Teacher Assistant Scholarship Fund (TASF) entered its third year in 2003-04. Grants were awarded to 239 full-time teacher assistants at public schools across the state pursuing initial teacher licensure at North Carolina four-year campuses offering teacher education programs.

The original program funding for 2003-04 was $1,000,000; however, the allocation was reduced to $964,174 due to a required reversion of state funds. An additional $44,800 was added to the initial allocation as a result of unused funds from the previous year becoming available. Thus, $1,008,974 was available for the year after adjustments.

The State Education Assistance Authority (SEAA) accepted applications for the scholarship between December 2002 and February 2003, and announced scholarship recipients in May 2003. Priority consideration was afforded to previous TASF and Teacher Assistant Scholarship Loan (TASL) recipients who applied by the deadline and met all program requirements. Next priority went to new students applying for funds who met all program requirements and applied by the deadline, with those presenting the strongest academic records receiving priority consideration.

SEAA anticipates expending all available funds in the 2004-05 academic year and expects to receive even more applications from qualified teacher assistants for 2005-06 and beyond as awareness of this program increases.

Table I. Summary Application and Recipient Data

Number of applications	510
Number of recipients	239
Average award	$3,978
Total awarded	$950,700

Table II. Recipient Breakdown by Ethnicity

	Number	Percentage
Asian	1	0.4 %
African-American	66	27.6
Hispanic/Latino	3	1.3
Native American	5	2.1
White	160	67.0
Multi-racial	0	0.0
Other/not specified	4	1.7
Total	239	100 %

Table III. Recipient Breakdown by Institution

	Number of Students	Percentage of total
Appalachian State University	36	15.1 %
Barton College	5	2.1
Belmont Abbey College	5	2.1
East Carolina University	19	7.9
Elizabeth City State University	15	6.3
Fayetteville State University	21	8.8
Gardner-Webb University	3	1.3
Greensboro College	5	2.1
Guilford College	5	2.1
High Point University	9	3.8
Lees-McRae College	7	2.9
Lenoir-Rhyne College	1	0.4
Mars Hill College	38	15.9
Meredith College	1	0.4
Methodist College	1	0.4
North Carolina A&T State University	1	0.4
North Carolina Central University	8	3.3
North Carolina State University	3	1.3
Pfeiffer University	2	0.8
Queens University	2	0.8
Salem College	3	1.3
Shaw University	3	1.3
St. Andrew's College	3	1.3
UNC at Asheville	1	0.4
UNC at Charlotte	11	4.6
UNC at Greensboro	3	1.3
UNC at Pembroke	15	6.3
UNC at Wilmington	6	2.5
Western Carolina University	3	1.3
Winston-Salem State University	4	1.7
Total	239	100 %

Recipients at 14 public institutions: 146 (61.1 %)
Recipients at 16 private institutions: 93 (38.9 %)

Table IV. Recipient Breakdown by County of Residence

Alamance	3	Gates	2	Perquimans	3
Alexander	2	Greene	1	Pitt	1
Alleghany	1	Guilford	4	Polk	1
Beaufort	4	Halifax	4	Randolph	3
Bertie	1	Harnett	2	Richmond	5
Brunswick	1	Haywood	10	Robeson	6
Buncombe	8	Henderson	11	Rockingham	5
Burke	5	Hoke	2	Rowan	1
Caldwell	4	Iredell	7	Rutherford	6
Carteret	2	Jackson	2	Sampson	2
Catawba	3	Johnston	7	Scotland	2
Chatham	1	Lenoir	3	Stanly	1
Clay	2	Lincoln	5	Stokes	1
Cleveland	7	Madison	1	Surry	2
Columbus	2	Martin	2	Union	1
Craven	1	McDowell	9	Wake	6
Cumberland	13	Mecklenburg	8	Washington	2
Dare	1	Mitchell	2	Watauga	1
Davidson	6	Montgomery	1	Wayne	2
Duplin	1	Moore	3	Wilkes	1
Durham	5	Northampton	1	Wilson	2
Forsyth	7	Onslow	4	Yadkin	3
Franklin	2	Pamlico	1	Yancey	1
Gaston	4	Pasquotank	3		

Total = 239 representing 71 counties

§ 116-209.35. Teacher Assistant Scholarship Fund.

(a) There is established the Teacher Assistant Scholarship Fund. The purpose of the Fund is to provide scholarships to teacher assistants who are pursuing college degrees to become teachers. The State Education Assistance Authority shall administer the Fund.

(b) Criteria for awarding the scholarships shall be developed by the Board of Governors of The University of North Carolina in consultation with the State Board of Education and the State Board of Community Colleges and shall include all of the following:

(1) An applicant shall be employed full time as a teacher assistant in North Carolina.

(2) An applicant shall be enrolled in an accredited bachelors degree program in an institution of higher education in North Carolina.

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

(4) Any additional criteria that the Board of Governors considers necessary to administer the Fund effectively, including all of the following:

a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.

b. Consideration of the academic qualifications of the individuals applying to receive funds.

c. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of teaching.

(c) The scholarships shall be available for part-time or full-time course work through all off-campus or distance education teacher education programs.

(d) The Board of Governors of The University of North Carolina, the State Board of Education, and the State Board of Community Colleges shall: (i) prepare a clear written explanation of the Teacher Assistant Scholarship Fund and the information regarding the availability and criteria for awarding the scholarships, and (ii) shall provide that information to the appropriate counselors in each local school system and shall charge those counselors to inform teacher assistants about the scholarships and to encourage teacher assistants to apply for the scholarships.

(e) The Board of Governors of The University of North Carolina shall adopt rules to implement this section.

(f) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarships awarded from the Fund. (2001-424, s. 31.5(a).)

Principal Fellows Program

- Merit Based
- $20,000 per year for 2 years for Master of School Administration
- Required to work 4 years
- $3,620,000 budgeted from General Fund

180 students

Millennium Teacher Scholarship Loan Program

- ECSU, FSU, WSSU
- 20 need based scholarships awarded on each campus for students enrolled in teacher education
- Required to teach 1 year for each year receiving a $6,500 loan.
- GF budget is $390,000 (funded from escheats fund)
- Additional $390,000 needed to fund second class cont C~ —

Prospective Teacher Scholars Program

- ECSU, WCU, UNCP
- Nonresident students pay in-state tuition and fees if pursue degree in teacher education
- Students not included in 18% nonresident cap
- Must teach in NC 1 year for each year of tuition waiver or repay scholarship
- 14 scholars in FY 04-05 at cost of $227,468
- GF budget is $150,000

Report to the Joint Legislative Education Oversight Committee On the Prospective Teacher Scholars Focus Growth Pilot

Attracting and retaining high quality teachers for North Carolina's public school classrooms is of paramount importance. The University of North Carolina's deep, urgent commitment to ensuring a sufficient supply of high quality teachers for the state's children is evidenced in our teacher preparation programs' models for teacher recruitment, preparation, licensure, and professional development. One promising model of teacher recruitment that is being piloted on select focus growth campuses is the Prospective Teacher Scholars Focus Growth Pilot. This program is one of the many ways the University is responding to the state's wide and pervasive teacher supply-demand gap.

The University of North Carolina established a pilot program in 2003-04 on three focused growth campuses; Elizabeth City State University (ECSU), UNC Pembroke (UNC-P), and Western Carolina University (WCU). The focus growth pilots, entitled the Prospective Teacher Scholars Program, allows these campuses to recruit non-resident students to pursue a full-time course of study that will lead to teacher certification in North Carolina and to employment teaching in a North Carolina public school (or school operated by the United States government in North Carolina).

Participating students must sign a promissory note with the institution agreeing to teach an equal number of years in North Carolina. If the student later decides not to pursue teacher education or does not teach in North Carolina, the student will be charged the difference between resident and non-resident tuition plus interest.

Pursuant to Senate Bill 1115, Section 9.9 (2001), the UNC Board of Governors developed guidelines and regulations for the pilot programs and reported to the Joint Legislative Education Oversight Committee Chairs on November 12, 2002.

This report provides information on the progress of the pilot programs and their costs to date. The data in Table 1 presents specific campus level information as well as collective totals for the three participating focus growth campuses. Legislation enacting this pilot, Senate Bill 1115 Section 9.9 (2001), is provided in Attachment 1. The UNC Board of Governors' guidelines and regulations, 800.4.1, adopted on November 8, 2002 are provided in Attachment 2.

In 2003-04, the first year of the Prospective Teacher Scholars Program, fifteen scholars were enrolled on the three campuses participating in this focus growth pilot: 5 at ECSU, 2 at UNC-P, and 8 at WCU. The 2003-04 tuition waiver cost for the fifteen newly enrolled students was $134,936. The cost by campus for the first year of the pilot was $41,320 at ECSU, $18,728 at UNC-P, and $74,888 at WCU.

In the second year of the pilot program, 2004-05, thirteen of the fifteen scholars returned, and the campuses collectively enrolled an additional fourteen new scholars. Seven of the fourteen new scholars and five returning enrolled at ECSU, three new and one returning scholar enrolled at UNC-P, and four new and seven returning scholars enrolled at WCU. A total of twenty-seven scholars were enrolled in the program in the 2004-05 academic year, increasing the tuition waiver costs for the program in year two to $227,468. The cost by campus for the second year of the pilot is $100,068 at ECSU, $33,040 at UNC-P, and $94,360 at WCU.

Tuition waiver costs expended to date for the two years this pilot has been in existence is $362,404; $141,388 at ECSU, $51,768 at UNC-P, and $169,248 at WCU. Students have been recruited from fourteen states. Eleven scholars have come from the North Carolina boarder states of South Carolina, Georgia, Tennessee, and Virginia.

TABLE 1: Prospective Teacher Scholars Program

Focus Growth Campus	2003/04 New Scholars	2003/04 Tuition Wavier Cost	2004/05 Returning Scholars	2004/05 New Scholars	2004/05 Tuition Waiver Cost	Total Scholars Enrolled	Tuition Waiver Cost To Date	States Recruited From
Elizabeth City State University	5	$41,320	5	7	$100,068	12	$141,388	CT – 1, GA – 1, MD – 3, NY – 4, VA - 3
UNC-Pembroke	2	$18,728	1	3	$33,040	4	$51,768	SC – 1, FL – 1, MA – 1, MN - 1
Western Carolina University	8	$74,888	7	4	$94,360	11	$169,248	SC – 5, FL – 2, TN – 1, GA – 1, CA – 1, KS – 1, MI – 1, OH - 1
Totals	*15*	*$134,936*	*13*	*14*	*$227,468*	*27*	*$362,404*	*Students have been recruited from 11 states*

NOTES:
ECSU – For 2003/04 the difference in out-of-state and in-state tuition at ECSU was $8,264. For 2004/05 the difference in out-of-state and in-state tuition at ECSU is $8,339.

UNC-P – In the 2003/04 year, UNC-P made 15 offers and 3 accepted. In addition, one of the three was removed from the program because the student's father was retroactively charged the in-state tuition rate due to a military residency waiver. For 2003/04 the difference in out-of-state and in-state tuition at UNC-P was $9,364. In the 2004/05 year, UNC-P made 14 offers with 3 accepting, and one of two students returning from the prior year. One of the returning scholars from the 2003/04 year transferred to UNC Wilmington. For 2004/05 the difference in out-of-state and in-state tuition at UNC-P is $9,440.

WCU – Costs in 2003/04 reflect tuition waivers for 8 students (one student has since dropped out). For 2003/04 the difference in out-of-state and in-state tuition at WCU was $9,361. Costs in 2004/05 reflect tuition waivers for 5 students (one student dropped out). For 2004/05 the difference in out-of-state and in-state tuition at WCU is $9,436.

Attachment 1

SENATE BILL 1115, SECTION 9.9 (2001)

FOCUSED GROWTH PILOT PROGRAM

SECTION 9.9. The Board of Governors of The University of North Carolina may allow Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University each to allocate up to one hundred seventy-eight thousand three hundred eighty dollars ($178,380) of the funds allocated to them for focused enrollment growth for a maximum of 20 Prospective Teacher Scholars. These funds may be used to recruit new nonresident students to enter into agreements to: (i) pursue a full-time course of study that will lead to teacher certification in North Carolina and (ii) teach in a North Carolina public school or a school operated by the United States government in North Carolina for one year for each year that they receive this benefit. The Board of Governors shall establish guidelines and regulations for this pilot program, including methodology for determining its success in increasing the supply of qualified teachers for North Carolina public schools. The Board shall report its guidelines and regulations to guide these pilot programs to the Joint Legislative Education Oversight Committee by November 15, 2002. The Board shall report annually to the Committee on the progress of the pilot programs and their costs.

Requested by: Senators Dalton, Lucas, Garrou, Plyler, Odom, Lee; Representatives Nesbitt, Boyd-McIntyre, Rogers, Yongue, Michaux, Smith, Hackney, Easterling, Oldham, Redwine

Attachment 2

THE UNIVERSITY OF NORTH CAROLINA
POLICY MANUAL: 800.4.1

Adopted 11/08/02

PROSPECTIVE TEACHER SCHOLAR PROGRAM

The University of North Carolina has been directed to establish a pilot program at three of the Focused Growth campuses to recruit new nonresident students to pursue a full-time course of study that will lead to teacher certification in North Carolina and to employment teaching in a North Carolina public school (or school operated by the United States government in North Carolina). Pursuant to Senate Bill 1115, Section 9.9 (2001), the UNC Board of Governors is required to report guidelines and regulations for these pilot programs to the Joint Legislative Education Oversight Committee by November 15, 2002, and then report annually to the Committee on the progress of the pilot programs and their costs.

The following policies are to be used for implementation of the Prospective Teacher Scholar programs at Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University.

1. The Prospective Teacher Scholar funds are to be used for non-resident students who make a commitment to pursue a degree in teacher education at one of the three constituent institutions, ECSU, UNCP, or WCU.

2. The Prospective Teacher Scholar program is a scholarship-loan program. Scholarship funds will be used to pay the difference between the cost of resident tuition and fees and non-resident tuition and fees. For each year the student receives the scholarship-loan, the student must teach full-time for an academic year in a North Carolina (K-12) public school or a school operated by the United States Government in North Carolina. The student will have a maximum of seven (7) years or two years time for each year of the scholarship (whichever is less) from the date of graduation to fulfill the payback agreement by teaching in a North Carolina public school.

3.

   a. Eligibility to participate in the Prospective Teacher Scholar program is limited to non-resident students who enter as a new freshman or as an undergraduate transfer student, and will be enrolled full-time each fall and spring semester, and make satisfactory progress toward a teaching degree.

   b. The student must maintain a satisfactory GPA and be in good standing with the university each year of study.

c. The student must meet the criteria and be admitted to the Teacher Education program by the beginning of the Junior year.

d. The student must graduate and be eligible for a license to teach in a North Carolina public school within six months after graduation.

4. Students participating in the Prospective Teacher Scholar program will not be included in the campus' cap of 18% freshmen non-resident students.

5. Any Prospective Teacher Scholar student who chooses to attend summer school classes will be eligible for the in-state resident rate for tuition and fees.

6. Each recipient of a Prospective Teacher Scholar scholarship-loan is required to sign a promissory note, along with a surety, agreeing that if the student does not fulfill the payback requirement to teach in a North Carolina public school (as described in #2), the student will be required to repay the campus the differential between the resident and non-resident tuition and fees for each year they do not fulfill the payback requirement. The student will also be required to pay the campus the cost as identified above plus 10% interest on the identified amount which begins to accrue from the date of graduation or the date the student transfers to another institution or the date the student is no longer enrolled full-time and full-term, whichever is earliest.

7. Any Prospective Teacher Scholar recipient who does not complete the teacher education program or who terminates the degree program will be subject to the repayment of the scholarship as described in item #6.

8. Awards may begin as early as the spring 2003 semester for new freshmen or new transfer students. Currently enrolled students are not eligible to participate in the Prospective Teacher Scholar program.

9. Students selected as Prospective Teacher Scholar recipients will be eligible for consideration for additional merit awards and non-state funded need-based financial aid.

10. The Prospective Teacher Scholar scholarship-loan must be considered as part of the student's financial aid package. When the total financial aid award exceeds financial need, the scholarship may not be reduced to prevent an over-award.

11. The campus shall forgive the repayment if it finds that it is impossible for a person to comply with the requirements of item #2 or item #6 because of the person's death or permanent disability. The campus may forgive the repayment if the President finds that a person could not comply with the requirements of item #2 or item #6 for extraordinary circumstances not within the person's control.

Strengthen Teacher Education

- Provides funding for the Model Clinical Teaching Program and for participation in the Summer Student Teaching Program to Wake Forest University and Salem College.
- $63,635 General Fund budget

Audit Findings

- State Auditor found in June 2003 Performance Audit
  - Need Based Loans
    - 68.9% repaid with service
    - 24.2% repaid with cash
    - 6.6% defaulted
    - .3% written off
  - Merit Based Loans
    - 79.9% repaid with service
    - 16.0% repaid with cash
    - 3.9% defaulted
    - .2% written off

Financial Aid – Out-of-State

- SREB contract spaces
- Academic Common Market

SREB Contracted Spaces

- Since 1950, North Carolina has contracted with Southern Regional Education Board for spaces in health science disciplines in out-of-state institutions
- The contract for FY 05-06 is for

  68 Optometry spaces at:

  University of Alabama – Birmingham

  Southern College of Optometry

  University of Houston

  Pennsylvania College of Optometry

  7 Dental and 7 Medical at Meharry College

SREB (Continued)

- The state spent $794,850 on 74 enrolled students in FY 03-04 (65 optometry, 6 dentistry, and 3 medicine)
- The state will spend $1,031,900 for 82 spaces in FY 05-06
- The state will receive in obligated service to the state = 0
- (No repayment of grant required if not return to the state)
- 05-06 contracted rates allow SREB projected inflation of 7.96% for optometry; 7.41% for dentistry and 7.46% for medicine
- $32,800 of authorized budget not needed to meet estimate

NOTE: Meharry being considered for censure by American Association of University Professors for firing faculty critics

Why fund out of State Cap program?

Academic Common Market

- Operated by SREB
- NC joined in 2001 with sunset on July 1, 2005
- NC residents receive in-state tuition at out-of-state schools in programs not available in UNC system
- Out-of-state students receive in-state tuition in UNC schools in programs not found in their home state
- UNC says benefits are:
  - cost savings for not developing programs
  - attraction of intellectual capital to state
  - increased enrollment in unique graduate program
- Over 4 years, 56 NC residents participated and 46 out-of-state students participated
- NC lost $490,264 in tuition from out-of-state students

UNC Academic Common Market Pilot Program: 2001-2005

Executive Summary

The 2001 General Assembly ratified the establishment of the UNC Academic Common Market pilot program for participation, at the graduate level only, in the Academic Common Market (ACM) of the Southern Regional Education Board (SREB). The General Assembly and the Board of Governors of the University of North Carolina believed that such a pilot program would test whether participation in the ACM would be a cost-effective way to offer North Carolina residents access to graduate programs in participating SREB universities that are unavailable in North Carolina. Out-of-state tuition is waived for ACM participating students. North Carolinians pursuing graduate degrees out-of-state pay in-state tuition in that state, and residents of SREB states pay North Carolina in-state tuition to pursue graduate degrees in unique programs here.

Fifty-six North Carolina residents have been certified to participate in the pilot program, from the pilot's beginning in 2001 through December 2004. Eleven of the constituent UNC institutions participate and have designated campus coordinators (usually graduate deans or associate deans) to monitor the program. *Forty-six out-of-state residents* were certified to participate during the same period. (However, three of the North Carolina residents and two of the out-of-state residents did not enroll.)

The pilot program ends at midnight on June 30, 2005. As delineated in Senate Bill 1005, the Board of Governors is to report to the Joint Legislative Education Oversight Committee, reviewing the activities of the pilot program and recommending whether UNC should continue to participate in the SREB-ACM.

UNC Academic Common Market Pilot Program

The Southern Regional Education Board was America's first interstate compact for education (*SREB 2004 Annual Report*). The purpose of the compact is "to provide services to member states, to create ways to share resources, and to enable states to achieve together educational programs and improvements that would be impossible or financially impractical for a single state" (*SREB Services and Programs*, p. 1). The SREB was developed at the request of Southern leaders in business, education, and government. Sixteen states joined the compact: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The ACM directly reflects the SREB's goal of encouraging states to share resources and reduce the duplication of specific educational programs.

Over the years the SREB has worked to improve every aspect of education—from early childhood education to doctoral degrees and beyond. The SREB states believe that they can lead the nation in educational progress. In 2004, the SREB-ACM celebrated 30 years of

connecting states, students, and universities. Each year about 2000 graduate and undergraduate students are certified to participate.

The original 1974 compact of the Academic Common Market states that its purpose "is to share between states academic degree programs located at southern public colleges and universities. This is accomplished through an exchange of students across borders at in-state rates" (*Academic Common Market: Administrative Guidelines*, 2004-05, p. 2). The ACM supports existing degree programs that have the capacity to serve additional students and "to provide access and encourage movement across state lines for programs not available in a student's home state" (*Guidelines*, p 2).

It was in the spirit of sharing resources, encouraging efficiency, and providing access to more educational opportunity for citizens that the Board of Governors endorsed participation in the SREB-ACM. In response to the Board's request, the 2001 General Assembly ratified the establishment of a pilot program to participate at the graduate level. The General Assembly required two reports on the pilot program. An earlier report was forwarded to the General Assembly in December 2003. This report is due January 2005. Participation by UNC in the SREB-Academic Common Market past June 30, 2005 must be ratified by the General Assembly.

In order to coordinate UNC's participation in the Academic Common Market, the Office of the President appointed an ACM state coordinator and a manager of the web site. The UNC-ACM web site was developed and continues to be hosted by the Research Triangle Institute.



- General Information
- Participation/Application
- Academic Programs
- Tuition and Fees
- Questions
- ACM Contacts
- Other Links
- Home

Welcome to the University of North Carolina Academic Common Market (UNC-ACM). The Academic Common Market is a Southern Regional Education Board (SREB) project. It is a cooperative agreement between North Carolina and 15 other southern states that enables residents to pursue unique graduate degree programs offered at public institutions in other states while paying in-state tuition.

What Is the Academic Common Market?

Dr. Donna Benson was the original UNC-ACM state coordinator, and Dr. Michelle Howard-Vital serves in the position now. Mr. Morris Dean, a member of the Academic Planning Staff, serves as managing coordinator of the UNC Academic Common Market and webmaster. Mr. Dean is in daily contact with UNC-ACM coordinators, students, and SREB staff to ensure that the program fulfills its legislative intent.

The leadership of the Office of the President for the Academic Common Market pilot program was guided by the legislation that established the criterion for selecting graduate UNC academic programs to be included in the ACM inventory: "select for participation only those graduate programs that are likely to be unique or are not commonly available in other

Southern Regional Education Board states." The Office of the President invited UNC campuses to nominate programs for the inventory. Using the National Center for Education Statistics' database, the Integrated Postsecondary Education Data System (IPEDS), programs were reviewed using the standard of whether there were no more than six similar degree programs available in public universities in the SREB states. That process resulted in the initial set of programs accepted for the inventory. Either by request from a potential student or by campus nomination, other graduate degree programs are regularly reviewed for inclusion in the inventory. There are currently 110 unique or not commonly available graduate degree programs in the UNC-ACM inventory. These programs are listed in Appendix B, p. 7.

Because of the UNC-ACM's graduate focus, UNC campus coordinators are generally graduate deans or associate deans. (See Appendix A., p. 6, for a list of participating UNC institutions and their campus coordinators.) Campus coordinators interact with out-of-state students who want to participate in the ACM. They create a record on the UNC-ACM web site to alert the managing coordinator of receipt of an ACM certification for an out-of-state student, communicate with their campus's business office regarding in-state tuition for ACM participants, and certify that participants are progressing continually toward their degree. In order to maintain an appropriate level of participation in the ACM, campus coordinators monitor their campus's inventory of ACM academic programs, nominate new programs for inclusion, and review requests for ACM access to graduate academic programs not currently in the inventory to judge whether the programs warrant inclusion.

Benefits of the Program

The benefits observed over the course of the pilot program include tuition savings for North Carolina residents, cost savings for UNC institutions in not having to develop programs already available elsewhere, attraction of intellectual capital to North Carolina, and, for several UNC institutions that participate in the UNC-ACM, increased enrollment in unique graduate programs. As shown by Appendix D (p. 12), the most popular North Carolina graduate degree program for out-of-state ACM participants is the Master of Arts in Appalachian Studies at Appalachian State University. Eight students have been certified for this program (although one did not enroll), with the majority coming from the state of Virginia. Other popular programs are the Master of Arts in Maritime Studies at East Carolina University, degrees in Maternal and Child Health at UNC Chapel Hill, and degrees in Dance at UNC Greensboro. The average overall percentage of ACM students in UNC programs that included at least one out-of-state ACM participant was 1.5% for the Fall 2002 and Spring 2003 terms, 2.3% for the Fall 2003 term, 2.5% for the Spring 2004 term, and 4.5% for the Fall 2004 term (Appendix E, p 13, shows the percentage by individual program).

Twelve of the fifty-six North Carolinians who have so far been certified to participate in the ACM selected the LLM degree program in Taxation at the University of Florida (although one of them never enrolled). North Carolina residents have sought access to this program steadily throughout the pilot program (see Appendix C, p. 11). Additionally, five North Carolina residents have pursued the Master of Science in Radiologic Administration at Midwestern State University in Texas. Other programs North Carolinians have sought

access to include the Doctor of Philosophy in Nursing Science at the University of South Carolina, the Master of Arts in International Commerce and Policy at George Mason University, and the Master of Science in Clinical Lab Sciences (Cytology Option) at the Medical University of South Carolina.

The Office of the President has provided overall leadership for the program to maintain a balance between the number of North Carolina ACM participants and the number of out-of-state ACM participants coming into North Carolina. Such balance has been maintained during the pilot program and is expected to continue, should the UNC-ACM be extended beyond June 2005. A "slot system" was devised at the outset of the pilot program to help control the balance between incoming and outgoing students during any given academic year, but it never had to be used to limit the number of incoming students. Doctorate-granting institutions were allocated four slots per year for incoming students and master's-granting institutions were allocated two slots per year. These allocations were fluid and could be expanded for a particular campus, as they have been in the current academic year for ASU, UNC-CH, and UNCG. North Carolina residents were allowed to participate one semester before residents of other states could access North Carolina programs, which partially explains the greater number of North Carolinians certified (56 North Carolinians, compared with 46 out-of-state residents, through December 2004). The balance year by year after other states got access to North Carolina programs has been fairly even (Table 1, below).

Table 1. Comparison of the number of students certified for ACM participation: North Carolina students going out versus out-of-state students coming in to pursue a graduate degree program

Academic Year	NC Residents Certified	Out-of-State Students Certified	Comment
2001-02	9	0	Early NC participation
2002-03	8	10	
2003-04	18	12	
2004-05	21	24	Through Dec. 2004
Total	**56**	**46**	

As evidenced by the data on North Carolina residents going out of state as ACM participants, the UNC Academic Common Market pilot program has provided access for North Carolinians to unique graduate programs in areas such as Taxation Law, Radiologic Administration, International Commerce and Policy, and Clinical Lab Sciences. A typical comment from a North Carolinian after graduating and coming back to North Carolina: "I am currently employed as a tax attorney...in Raleigh. The UNC Academic Common Market gave me the opportunity to attend the University of Florida and obtain an LLM in Taxation. Without the ACM, I would not have been able to afford the program. I am forever grateful."

Moreover, the pilot program has demonstrated that the Office of the President can successfully monitor the flow of students to ensure that the program meets the needs of North Carolina residents for graduate degree programs and the enrollment needs of certain graduate programs at UNC's constituent institutions. The UNC-ACM is clearly providing opportunities both for North Carolina residents and for residents of other SREB states to access affordable graduate educational programs.

Fiscal Analysis

When we analyze the difference between the in-state tuition that ACM participants paid and the out-of-state tuition they would have had to pay without the ACM, we see that, as a cohort, North Carolinians pursuing graduate degree programs outside North Carolina through the ACM have saved $370,458.82 over the six terms of the pilot program through December 2004 (Appendix F, p. 14). The difference for individual students ranged from $407.16 to $32,118.03, with an average difference of $7,124.21.

Similarly, ACM participants coming to North Carolina from other SREB states saved $490,264.00 (Appendix G, p. 15). While this represents a loss of tuition revenue for the State of North Carolina, it must be weighed against the expense the State would have borne if it had established programs to accommodate the North Carolinians who had to go to other states to find them. Appendix H (p. 16) provides an estimate of the minimum cost of establishing those programs, taking into account only the cost of providing additional faculty for one year. Even though the estimate of $4,685,947 does not include the substantial cost of buildings, infrastructure, operational expenses, and technology support, it demonstrates the value to the State of participating in the ACM.

Recommendation

The Office of the President recommends that the Board of Governors of the University of North Carolina ask the North Carolina General Assembly to authorize the continuation of UNC's participation at the graduate level in the Academic Common Market.

Appendix C. UNC-ACM Participation by North Carolina Residents

Enrolled in Program	Degree	Institution	State	Certification	Starting
Emergency Management *(Electronic Campus)*	MPA	Jacksonville State University	AL	7/30/2002	2002/Fa
Forensic Science	MSFS	University of Alabama at Birmingham	AL	9/10/2003	2003/Fa
Art Education/Arts Administration Emphasis	PhD	Florida State University	FL	11/9/2004	2005/Sp
Business Administration (Concentration in Supply Chain Management)	MBA	Florida State University	FL	8/13/2002	2002/Fa
Counseling and Human Systems (Specialization in Career Counseling)	MS/EdS	Florida State University	FL	8/11/2004	2004/Fa
Educational Psychology (Sport Psychology)	MS	Florida State University	FL	8/27/2004	2004/Fa
Instructional Systems *(Electronic Campus)*	MS	Florida State University	FL	11/13/2001	2002/Sp
Musicology (Ethnomusicology)	MM	Florida State University	FL	11/14/2003	2004/Sp
Sports Administration	MS	Florida State University	FL	3/10/2004	2004/Fa
Mass Communications - Documentary	MA	University of Florida	FL	5/28/2003	2003/Fa
Mass Communications - Documentary	MA	University of Florida	FL	10/18/2004	2004/Fa
Political Science (Political Campaigning)	MA	University of Florida	FL	11/13/2001	2002/Sp
Taxation	LLM	University of Florida	FL	11/13/2001	2002/Sp
Taxation	LLM	University of Florida	FL	11/13/2001	2002/Sp
Taxation	LLM	University of Florida	FL	11/13/2001	2002/Sp
Taxation	LLM	University of Florida	FL	11/13/2001	2002/Sp
Taxation	LLM	University of Florida	FL	11/16/2001	2002/Sp
Taxation	LLM	University of Florida	FL	8/9/2002	2002/Fa
Taxation	LLM	University of Florida	FL	3/3/2003	2003/Fa
Taxation	LLM	University of Florida	FL	5/15/2003	2003/Fa
Taxation	LLM	University of Florida	FL	7/24/2003	2003/Fa
Taxation	LLM	University of Florida	FL	8/21/2003	2003/Fa
Taxation	LLM	University of Florida	FL	3/26/2004	2004/Fa
Taxation	LLM	University of Florida	FL	6/4/2004	2004/Fa
Safety Management	MPH	University of South Florida	FL	5/29/2003	2003/Su
Actuarial Science	MAS	Georgia State University	GA	8/9/2002	2002/Fa
Instruction & Administration (Concentration in Inst. Systems Design	EdD	University of Kentucky	KY	11/25/2002	2002/Fa
Arts Administration	MA	University of New Orleans	LA	2/4/2004	2004/Fa
International Development	PhD	University of Southern Mississippi	MS	2/2/2004	2004/Sp
Clinical Lab Sciences (Cytology Option)	MS	Medical University of South Carolina	SC	2/5/2003	2003/Fa
Clinical Lab Sciences (Cytology Option)	MS	Medical University of South Carolina	SC	3/30/2004	2004/Fa
Educational Psychology and Research	PhD	University of South Carolina	SC	7/24/2003	2003/Su
Human Resources	MHR	University of South Carolina	SC	7/17/2002	2002/Fa
International Master of Business Administration	IMBA	University of South Carolina	SC	6/14/2004	2004/Fa
Nursing Science	PhD	University of South Carolina	SC	6/5/2003	2003/Fa
Nursing Science	PhD	University of South Carolina	SC	5/12/2004	2004/Fa
Nursing Science	PhD	University of South Carolina	SC	9/30/2004	2004/Fa
Communication Arts: Corporate Communication *(Electronic Campus)*	MA	Austin Peay State University	TN	3/9/2004	2004/Sp
Technology (Geosciences)	MS	East Tennessee State University	TN	5/27/2004	2004/Fa
Art History (Egyptian Art and Archaelogy)	MS	University of Memphis	TN	11/13/2001	2002/Sp
Anthropology (Biological Anthropology)	MA	University of Tennessee at Knoxville	TN	6/29/2004	2004/Fa
Education (Early Childhood Education)	PhD	University of Tennessee at Knoxville	TN	10/8/2004	2004/Fa
Education (Educational Psych: Collaborative Learning)	EdD	University of Tennessee at Knoxville	TN	8/13/2002	2002/Fa
Human Ecology	PhD	University of Tennessee at Knoxville	TN	7/28/2003	2003/Fa
Radiologic Administration; Education	MS	Midwestern State University	TX	9/6/2002	2002/Fa
Radiologic Administration; Education	MS	Midwestern State University	TX	5/28/2003	2003/Su
Radiologic Administration; Education	MS	Midwestern State University	TX	11/11/2003	2003/Fa
Radiologic Administration; Education	MS	Midwestern State University	TX	12/17/2003	2004/Sp
Radiologic Administration; Education	MS	Midwestern State University	TX	7/7/2004	2004/Fa
International Commerce and Policy	MA	George Mason University	VA	6/22/2004	2004/Fa
International Commerce and Policy	MA	George Mason University	VA	7/16/2004	2004/Fa
International Commerce and Policy	MA	George Mason University	VA	8/23/2004	2004/Fa
New Professional Studies (Organizational Learning Track)	MS	George Mason University	VA	6/11/2003	2003/Fa
Occupational Therapy (Post-Professional)	MS	Virginia Commonwealth University	VA	11/13/2001	2002/Sp
Forensic Science	MS	Marshall University	WV	8/12/2004	2004/Fa
Industrial Relations	MS	West Virginia University	WV	6/18/2004	2004/Su

Fifty-six students certified through December 2004, three of whom did not enroll

Pause
$200,000

Appendix D. UNC-ACM Participation by Out-of-State Residents

From	Enrolled in Graduate Program	Degree	At UNC Institution	Certification	Starting
KY	Appalachian Studies	MA	Appalachian State University	3/18/2003	2003/Fa
TN	Appalachian Studies	MA	Appalachian State University	8/11/2003	2003/Fa
VA	Appalachian Studies	MA	Appalachian State University	4/15/2004	2004/Fa
VA	Appalachian Studies	MA	Appalachian State University	5/7/2004	2004/Fa
WV	Appalachian Studies	MA	Appalachian State University	7/1/2004	2004/Fa
VA	Appalachian Studies	MA	Appalachian State University	7/1/2004	2004/Fa
VA	Appalachian Studies	MA	Appalachian State University	5/21/2002	2002/Fa
VA	Appalachian Studies	MA	Appalachian State University	5/21/2002	2002/Fa
SC	Applied Physics	MS	Appalachian State University	9/27/2002	2002/Fa
TN	Gerontology	MA	Appalachian State University	7/16/2004	2004/Fa
TN	Gerontology	MA	Appalachian State University	7/22/2004	2004/Fa
TN	Health Psychology	MA	Appalachian State University	10/5/2004	2004/Fa
GA	Art (Wood Design or Metal Design)	MFA	East Carolina University	5/4/2004	2004/Fa
GA	Coastal Resources Management	PhD	East Carolina University	1/6/2004	2004/Sp
TX	Coastal Resources Management	PhD	East Carolina University	9/10/2003	2003/Fa
SC	Coastal Resources Management	PhD	East Carolina University	5/21/2002	2002/Fa
MD	Maritime Studies	MA	East Carolina University	10/4/2002	2002/Fa
MD	Maritime Studies	MA	East Carolina University	8/28/2003	2003/Fa
VA	Maritime Studies	MA	East Carolina University	11/19/2003	2003/Fa
VA	Maritime Studies	MA	East Carolina University	6/21/2004	2004/Fa
MD	Music Therapy	MM	East Carolina University	5/21/2002	2002/Fa
FL	Recreational Therapy Administration	MS	East Carolina University	2/11/2004	2004/Sp
GA	Recreational Therapy Administration	MS	East Carolina University	12/1/2003	2003/Fa
KY	Design	PhD	NC State University	7/8/2004	2004/Fa
SC	Audiology	AuD	UNC Chapel Hill	5/10/2004	2004/Fa
TN	Health Behavior & Health Education	MPH	UNC Chapel Hill	7/14/2003	2003/Fa
DE	Health Behavior & Health Education	MPH	UNC Chapel Hill	1/21/2003	2003/Sp
LA	Health Behavior & Health Education	MPH	UNC Chapel Hill	3/22/2004	2004/Fa
VA	Maternal and Child Health	PhD	UNC Chapel Hill	6/4/2003	2003/Fa
VA	Maternal and Child Health	MPH	UNC Chapel Hill	3/9/2004	2004/Fa
FL	Maternal and Child Health	PhD	UNC Chapel Hill	7/22/2004	2004/Fa
VA	Maternal and Child Health	MPH	UNC Chapel Hill	5/26/2004	2004/Fa
KY	Communication: International Public Relations	MA	UNC Charlotte	11/5/2004	2004/Fa
AL	Geography (Community Planning)	MA	UNC Charlotte	8/19/2003	2003/Fa
WV	Gerontology	MA	UNC Charlotte	4/29/2004	2004/Fa
KY	Spanish: Translating and Translation Studies	MA	UNC Charlotte	7/26/2004	2004/Su
KY	Dance	MA	UNC Greensboro	12/15/2004	2004/Fa
SC	Dance	MFA	UNC Greensboro	5/16/2002	2002/Fa
TN	Dance	MA	UNC Greensboro	7/14/2003	2003/Fa
SC	Dance	MFA	UNC Greensboro	5/16/2002	2002/Fa
KY	Dance (conc in Choreography)	MA	UNC Greensboro	5/28/2004	2004/Fa
KY	Genetic Counseling	MS	UNC Greensboro	7/8/2004	2004/Fa
GA	Genetic Counseling	MS	UNC Greensboro	8/10/2004	2004/Fa
SC	Gerontology	MS	UNC Greensboro	7/8/2004	2004/Fa
VA	Music Performance	DMA	UNC Greensboro	8/20/2004	2004/Fa
TN	Nursing (Gerontology)	MSN	UNC Greensboro	10/9/2002	2002/Fa

Forty-six students certified through December 2004, two of whom did not enroll

Appendix E. Percent of ACM Enrollment in UNC Programs That Included at Least One Out-of-State ACM Participant (from Fall 2002 through Fall 2004)

Institution	CIP code / Program Name	Degree	Academic Terms				
			Fall 02	Spr 03	Fall 03	Spr 04	Fall 04
ASU	050199 Area Studies, Other (Appalachian Studies)	MA	23	20	25	21	22
	ACM		2	1	3	2	4
	% ACM		8.7%	5.0%	12.0%	9.5%	18.2%
	301101 Gerontology	MA	10	11	12	12	9
	ACM						2
	% ACM						22.2%
	400801 Physics, General	MS	9	9	7	7	12
	ACM		1	1	1	1	1
	% ACM		11.1%	11.1%	14.3%	14.3%	8.3%
	512310 Vocational Rehabilitation Counseling	MA	8	7	7	7	10
	ACM						1
	% ACM						10.0%
ECU	309999 Multi/Interdisciplinary Studies, Other	MA	42	41	37	40	33
	ACM		2	2	5	6	6
	% ACM		4.8%	4.9%	13.5%	15.0%	18.2%
	500702 Fine/Studio Arts	MFA	36	36	34	37	46
	ACM						1
	% ACM						2.2%
	512305 Music Therapy	MM	2	2	3	3	4
	ACM		1	1	1	1	
	% ACM		50.0%	50.0%	33.3%	33.3%	
	512309 Recreational Therapy	MS	8	9	10	11	11
	ACM				1	2	2
	% ACM				10.0%	18.2%	18.2%
NCSU	040401 Architectural Environmental Design	PhD	18	19	19	18	21
	ACM						1
	% ACM						4.8%
UNC-CH	510202 Audiology/Hearing Sciences	AUD	9	9	14	14	19
	ACM						1
	% ACM						5.3%
	512207 Public Health Education & Promotion	MPH	78	76	79	78	81
	ACM			1	1	1	2
	% ACM			1.3%	1.3%	1.3%	2.5%
	512299 Public Health, Other (512209 Fall 04)	MPH	42	39	41	42	48
	ACM						2
	% ACM						4.2%
		PhD	26	24	24	22	23
	ACM				1	1	2
	% ACM				4.2%	4.5%	8.7%
UNC-C	090101 Communications, General	MA	34	32	38	35	29
							1
							3.4%
	160905 Spanish Language and Literature	MA	14	13	23	23	33
	ACM						1
	% ACM						3.0%
	301101 Gerontology	MA	15	15	16	19	16
	ACM						1
	% ACM						6.3%
	450701 Geography	MA	56	57	59	61	62
	ACM				1	1	1
	% ACM				1.7%	1.6%	1.6%
UNCG	260806 Genetic Counseling	MS					16
	ACM						2
	% ACM						12.5%
	301101 Gerontology (student didn't attend)	MS	18	18	9	13	16
	ACM						
	% ACM						
	500301 Dance	MA	9	6	8	5	13
	ACM				1	1	2
	% ACM				12.5%	20.0%	15.4%
		MFA	16	15	14	13	11
	ACM		2	2	2	2	3
	% ACM		12.5%	13.3%	14.3%	15.4%	27.3%
	500903 Music - General Performance	DMA	56	62	64	61	71
	ACM						1
	% ACM						1.4%
	511608 Nursing Science (Post-R.N.)	MSN	106	94	247	244	258
	ACM		1	1	1	1	1
	% ACM		0.9%	1.1%	0.4%	0.4%	0.4%
	These overall figures do NOT include the enrollment numbers for UNCG's Gerontology program, because the certified ACM participant did NOT undertake the program.	Enrollment/term	617	596	781	773	848
		# ACM	9	9	18	19	38
		% ACM	1.5%	1.5%	2.3%	2.5%	4.5%

Appendix F. Tuition Difference between In-State and Out-of-State Rates for North Carolina ACM Participants: Spring 2002 through Fall 2004

		Rates for Spring 2002		Rates for 2002-03				Rates for 2003-04				Rates for Fall 2004		Total Tuition over the Six Terms		
At Institution	State	Spring In	Spring Out	Fall In	Fall Out	Spring In	Spring Out	Fall In	Fall Out	Spring In	Spring Out	Fall In	Fall Out	In	Out	Difference
Jacksonville State University	AL			$1,620.00	$3,240.00	$1,620.00	$3,240.00	$1,770.00	$3,540.00					$5,010.00	$10,020.00	$5,010.00
University of Alabama at Birmingham	AL							$3,242.50	$6,485.00	$3,242.50	$6,485.00	$3,077.00	$6,154.00	$9,562.00	$19,124.00	$9,562.00
Florida State University	FL			$163.10	$570.26	$178.26	$670.92	$178.26	$670.92					$519.62	$1,912.10	$1,392.48
Florida State University	FL									$196.27	$730.80	$196.27	$730.80	$392.54	$1,461.60	$1,069.06
Florida State University	FL	$163.10	$570.26											$163.10	$570.26	$407.16
Florida State University	FL											$196.27	$730.80	$196.27	$730.80	$534.53
Florida State University	FL											$196.27	$730.80	$196.27	$730.80	$534.53
Florida State University	FL											$196.27	$730.80	$196.27	$730.80	$534.53
University of Florida	FL							$2,463.00	$9,294.50	$2,463.00	$9,294.50			$4,926.00	$18,589.00	$13,663.00
University of Florida	FL							$2,463.00	$9,294.50	$2,463.00	$9,294.50			$4,926.00	$18,589.00	$13,663.00
University of Florida	FL							$2,463.00	$9,294.50	$2,463.00	$9,294.50	$2,742.00	$10,679.50	$7,668.00	$29,268.50	$21,600.50
University of Florida	FL											$2,742.00	$10,679.50	$2,742.00	$10,679.50	$7,937.50
University of Florida	FL	$1,964.00	$6,850.00											$1,964.00	$6,850.00	$4,886.00
University of Florida	FL											$2,742.00	$10,679.50	$2,742.00	$10,679.50	$7,937.50
University of Florida	FL	$1,964.00	$6,850.00	$2,152.00	$8,015.00	$2,152.00	$8,015.00							$6,268.00	$22,880.00	$16,612.00
University of Florida	FL							$2,463.00	$9,294.50	$2,463.00	$9,294.50			$4,926.00	$18,589.00	$13,663.00
University of Florida	FL	$1,964.00	$6,850.00											$1,964.00	$6,850.00	$4,886.00
University of Florida	FL							$2,463.00	$9,294.50	$2,463.00	$9,294.50			$4,926.00	$18,589.00	$13,663.00
University of Florida	FL	$1,964.00	$6,850.00											$1,964.00	$6,850.00	$4,886.00
University of Florida	FL	$1,964.00	$6,850.00											$1,964.00	$6,850.00	$4,886.00
University of Florida	FL											$2,742.00	$10,679.50	$2,742.00	$10,679.50	$7,937.50
University of Florida	FL	$1,964.00	$6,850.00											$1,964.00	$6,850.00	$4,886.00
University of South Florida	FL							$4,674.36	$17,578.86	$3,677.70	$13,522.20	$3,354.81	$12,723.84	$11,706.87	$43,824.90	$32,118.03
Georgia State University	GA			$1,395.00	$5,580.00	$1,395.00	$5,580.00	$1,692.00	$6,498.00	$1,692.00	$6,498.00			$6,174.00	$24,156.00	$17,982.00
University of Kentucky	KY			$2,173.25	$5,782.25	$2,173.25	$5,782.25							$4,346.50	$11,564.50	$7,218.00
University of New Orleans	LA											$1,592	$5,114	$1,592.00	$5,114.00	$3,522.00
University of Southern Mississippi	MS									$1,937	$2,439	$2,053	$2,585	$3,990.00	$5,024.00	$1,034.00
Medical University of South Carolina	SC											$6,565.50	$13,740.00	$6,565.50	$13,740.00	$7,174.50
Medical University of South Carolina	SC							$5,787.50	$12,112	$5,787.50	$12,112	$4,377.00	$9,115.00	$15,952.00	$33,339.00	$17,387.00
University of South Carolina	SC											$1,722.50	$3,730.00	$1,722.50	$3,730.00	$2,007.50
University of South Carolina	SC											$1,722.50	$3,730.00	$1,722.50	$3,730.00	$2,007.50
University of South Carolina	SC			$1,350.00	$2,922.00	$1,350.00	$2,922.00	$1,552.50	$3,360.50					$4,252.50	$9,204.50	$4,952.00
University of South Carolina	SC											$16,000.00	$23,500.00	$16,000.00	$23,500.00	$7,500.00
University of South Carolina	SC							$1,552.50	$3,360.50	$1,552.50	$3,360.50	$1,722.50	$3,730.00	$4,827.50	$10,451.00	$5,623.50
University of South Carolina	SC							$1,552.50	$3,360.50	$1,552.50	$3,360.50	$1,722.50	$3,730.00	$4,827.50	$10,451.00	$5,623.50
Austin Peay State University	TN											$1,680.00	$3,888.00	$1,680.00	$3,888.00	$2,208.00
University of Memphis	TN	$2,050.00	$5,261.00	$2,251.00	$5,828.00	$2,251	$5,828.00							$6,552.00	$16,917.00	$10,365.00
University of Tennessee at Knoxville	TN			$2,005.00	$4,051.00	$3,343.00	$6,757.00	$2,185.00	$4,416.00	$2,916.00	$5,892.00	$1,572.00	$3,180.00	$12,021.00	$24,296.00	$12,275.00
University of Tennessee at Knoxville	TN											$2,357.00	$4,765.00	$2,357.00	$4,765.00	$2,408.00
University of Tennessee at Knoxville	TN							$729.00	$1,473.00	$2,187.00	$4,419.00	$1,572.00	$3,180.00	$4,488.00	$9,072.00	$4,584.00
University of Tennessee at Knoxville	TN											$2,357.00	$4,765.00	$2,357.00	$4,765.00	$2,408.00
Midwestern State University	TX			$418.00	$2,489.00	$418.00	$2,489.00	$414.00	$2,538.00	$414.00	$2,538.00	$384.00	$2,448.00	$2,048.00	$12,502.00	$10,454.00
Midwestern State University	TX							$299.00	$1,833.00	$299.00	$1,833.00			$598.00	$3,666.00	$3,068.00
Midwestern State University	TX							$648.00	$3,899.00					$648.00	$3,899.00	$3,251.00
Midwestern State University	TX											$624.00	$3,978.00	$624.00	$3,978.00	$3,354.00
Midwestern State University	TX									$552.00	$3,384.00	$624.00	$3,978.00	$1,176.00	$7,362.00	$6,186.00
George Mason University	VA											$3,249.00	$5,931.00	$3,249.00	$5,931.00	$2,682.00
George Mason University	VA							$1,876.50	$5,143.50	$2,205.00	$5,607.00	$3,249.00	$5,931.00	$7,330.50	$16,681.50	$9,351.00
George Mason University	VA											$3,249.00	$5,931.00	$3,249.00	$5,931.00	$2,682.00
Virginia Commonwealth University	VA	$1,428.00	$4,224.00					$963.00	$2,652.00	$1,926.00	$5,304.00	$337.00	$884.00	$4,654.00	$13,064.00	$8,410.00
Marshall University	WV											$3,359.00	$7,489.00	$3,359.00	$7,489.00	$4,130.00
West Virginia University	WV											$4,369.00	$12,741.00	$4,369.00	$12,741.00	$8,342.00
		$15,425.10	$51,155.26	$13,527.35	$38,477.51	$14,880.51	$41,284.17	$41,431.62	$125,393.28	$42,451.97	$123,957.50	$84,644.39	$202,552.04	$212,360.94	$582,819.76	
				Difference	$24,950.16	Difference	$26,403.66	Difference	$83,961.66	Difference	$81,505.53					
		Difference -02	$35,730.16				Difference 2002-03	$51,353.82			Difference 2003-04	$165,467.19	Difference 04-	$117,907.65		Overall Total	$370,458.82

Appendix E. Tuition Difference between In-State and Out-of-State Rates for Out-of-State ACM Participants: Fall 2002 through Fall 2004

From	At UNC Institution	Rates for 2002-03				Rates for 2003-04				Rates for Fall 2004		Total Tuition Over the Five Terms		
		Fall In	Fall Out	Spring In	Spring Out	Fall In	Fall Out	Spring In	Spring Out	Fall In	Fall Out	In	Out	Difference
KY	Appalachian State University					$834.00	$5,588.00	$834.00	$5,588.00	$946.50	$5,738.00	$2,614.50	$16,914.00	$14,299.50
TN	Appalachian State University					$834.00	$5,588.00					$834.00	$5,588.00	$4,754.00
VA	Appalachian State University									$946.50	$5,738.00	$946.50	$5,738.00	$4,791.50
VA	Appalachian State University									$946.50	$5,738.00	$946.50	$5,738.00	$4,791.50
WV	Appalachian State University											$0.00	$0.00	$0.00
VA	Appalachian State University									$946.50	$5,738.00	$946.50	$5,738.00	$4,791.50
VA	Appalachian State University	$794.50	$5,338.00	$794.50	$5,338.00	$834.00	$5,588.00	$834.00	$5,588.00			$3,257.00	$21,852.00	$18,595.00
VA	Appalachian State University	$794.50	$5,338.00									$794.50	$5,338.00	$4,543.50
TN	Appalachian State University									$946.50	$5,738.00	$946.50	$5,738.00	$4,791.50
TN	Appalachian State University									$946.50	$5,738.00	$946.50	$5,738.00	$4,791.50
SC	Appalachian State University	$794.50	$5,338.00	$794.50	$5,338.00	$834.00	$5,588.00	$834.00	$5,588.00	$946.50	$5,738.00	$4,203.50	$27,590.00	$23,386.50
TN	Appalachian State University									$946.50	$5,738.00	$946.50	$5,738.00	$4,791.50
MD	East Carolina University	$948.00	$5,866.00	$948.00	$5,866.00	$995.50	$6,116.00	$995.50	$6,116.00	$1,108.00	$6,266.00	$4,995.00	$30,230.00	$25,235.00
GA	East Carolina University							$995.50	$6,116.00	$1,108.00	$6,266.00	$2,103.50	$12,382.00	$10,278.50
MD	East Carolina University					$995.50	$6,116.00	$995.50	$6,116.00	$1,108.00	$6,266.00	$3,099.00	$18,498.00	$15,399.00
VA	East Carolina University					$995.50	$6,116.00	$995.50	$6,116.00			$1,991.00	$12,232.00	$10,241.00
TX	East Carolina University					$995.50	$6,116.00	$995.50	$6,116.00	$1,108.00	$6,266.00	$3,099.00	$18,498.00	$15,399.00
SC	East Carolina University	$948.00	$5,866.00	$948.00	$5,866.00	$995.50	$6,116.00	$995.50	$6,116.00	$1,108.00	$6,266.00	$4,995.00	$30,230.00	$25,235.00
VA	East Carolina University									$1,108.00	$6,266.00	$1,108.00	$6,266.00	$5,158.00
GA	East Carolina University									$1,108.00	$6,266.00	$1,108.00	$6,266.00	$5,158.00
MD	East Carolina University	$948.00	$5,866.00	$948.00	$5,866.00	$995.50	$6,116.00	$995.50	$6,116.00			$3,887.00	$23,964.00	$20,077.00
FL	East Carolina University							$995.50	$6,116.00	$1,108.00	$6,266.00	$2,103.50	$12,382.00	$10,278.50
GA	East Carolina University					$995.50	$6,116.00	$995.50	$6,116.00	$1,108.00	$6,266.00	$3,099.00	$18,498.00	$15,399.00
KY	NC State University									$1,706.50	$7,730.50	$1,706.50	$7,730.50	$6,024.00
SC	UNC Chapel Hill									$1,706.50	$8,330.50	$1,706.50	$8,330.50	$6,624.00
TN	UNC Chapel Hill					$1,581.50	$7,580.50	$1,581.50	$7,580.50	$1,706.50	$8,330.50	$4,869.50	$23,491.50	$18,622.00
DE	UNC Chapel Hill			$1,506.00	$7,330.50							$1,506.00	$7,330.50	$5,824.50
LA	UNC Chapel Hill									$1,706.50	$8,330.50	$1,706.50	$8,330.50	$6,624.00
VA	UNC Chapel Hill					$1,581.50	$7,580.50	$1,581.50	$7,580.50	$1,706.50	$8,330.50	$4,869.50	$23,491.50	$18,622.00
VA	UNC Chapel Hill									$1,706.50	$8,330.50	$1,706.50	$8,330.50	$6,624.00
FL	UNC Chapel Hill									$1,706.50	$8,330.50	$1,706.50	$8,330.50	$6,624.00
VA	UNC Chapel Hill									$1,706.50	$8,330.50	$1,706.50	$8,330.50	$6,624.00
KY	UNC Charlotte									$1,102.00	$6,205.50	$1,102.00	$6,205.50	$5,103.50
KY	UNC Charlotte									$1,102.00	$6,205.50	$1,102.00	$6,205.50	$5,103.50
WV	UNC Charlotte									$1,102.00	$6,205.50	$1,102.00	$6,205.50	$5,103.50
AL	UNC Charlotte					$989.50	$6,055.50	$989.50	$6,055.50	$1,102.00	$6,205.50	$3,081.00	$18,316.50	$15,235.50
KY	UNC Greensboro									$1,056.00	$6,581.00	$1,056.00	$6,581.00	$5,525.00
GA	UNC Greensboro									$1,056.00	$6,581.00	$1,056.00	$6,581.00	$5,525.00
SC	UNC Greensboro											$0.00	$0.00	$0.00
KY	UNC Greensboro									$1,056.00	$6,581.00	$1,056.00	$6,581.00	$5,525.00
SC	UNC Greensboro	$898.50	$6,181.00	$898.50	$6,181.00	$943.50	$6,431.00	$943.50	$6,431.00	$1,056.00	$6,581.00	$4,740.00	$31,805.00	$27,065.00
TN	UNC Greensboro					$943.50	$6,431.00	$943.50	$6,431.00	$1,056.00	$6,581.00	$2,943.00	$19,443.00	$16,500.00
SC	UNC Greensboro	$898.50	$6,181.00	$898.50	$6,181.00	$943.50	$6,431.00	$943.50	$6,431.00	$1,056.00	$6,581.00	$4,740.00	$31,805.00	$27,065.00
VA	UNC Greensboro									$1,056.00	$6,581.00	$1,056.00	$6,581.00	$5,525.00
TN	UNC Greensboro	$898.50	$6,181.00	$898.50	$6,181.00	$943.50	$6,431.00	$943.50	$6,431.00	$1,056.00	$6,581.00	$4,740.00	$31,805.00	$27,065.00
KY	UNC Greensboro									$1,056.00	$6,581.00	$1,056.00	$6,581.00	$5,525.00
		$7,923.00	$52,155.00	$8,634.50	$54,147.50	$18,231.00	$112,104.50	$19,388.00	$118,748.50	$45,108.00	$252,393.00	$99,284.50	$589,548.50	
		Difference	$44,232.00	Difference	$45,513.00	Difference	$93,873.50	Difference	$99,360.50					
				Difference 2002-03	$89,745.00			Difference 2003-04	$193,234.00	Difference 04-	$207,285.00		Overall difference	$490,264.00

Other

- School of Science and Math Scholars
- Incentive Grants Program
- Campus Based Programs

School of Science and Math Tuition Grant

- Graduates receive tuition waiver to UNC Schools
- Class of 2004 had 190 students enroll in UNC system (74.2% of graduates)
- 121 of the 190 students at UNC received this grant
- $780,000 General Fund Budget
- $585,565 needed to fund second year of program

Report on the Tuition Grant Program for Graduates of The North Carolina School of Science and Mathematics

February 11, 2005

Report on the Tuition Grant Program for Graduates of The North Carolina School of Science and Mathematics

The 2003 North Carolina General Assembly passed legislation creating the School of Science and Mathematics (NCSSM) Tuition Grant Program to provide financial assistance to NCSSM graduates through a program administered by the North Carolina State Education Assistance Authority. The Tuition Grant program ensures that graduates of NCSSM receive, at a minimum, a grant equal to the cost of tuition at any of the 16 campuses of the University of North Carolina. The grant is intended to cover tuition only and is reduced if a student receives scholarship or grant assistance from another source.

The School

NCSSM is a public, residential, coeducational high school for juniors and seniors with high intellectual ability and commitment to scholarship. It was created by Governor James B. Hunt, Jr. and established by the North Carolina General Assembly on June 16, 1978. NCSSM is an affiliate of The University of North Carolina. The 27-member NCSSM Board of Trustees is responsible for the organization, management, and operation of the School. The Board of Trustees is made up of appointees by the University of North Carolina Board of Governors, the Governor, President Pro Tempore of the Senate, and Speaker of the House. The chief academic officers of three constituent institutions and the chief academic officer of a private college or university in North Carolina serve as ex-officio members.

NCSSM is the nation's first state-supported, residential high school for students with a talent and interest in science, mathematics, and technology and is a national model for similar schools. The school is accredited by the Southern Association of Colleges and Schools. NCSSM is a founding partner of the 89-member National Consortium for Specialized Secondary Schools of Mathematics, Science and Technology.

Since it opened, NCSSM has graduated 5,300 students and has provided courses and enrichment to another 34,450 students who are not enrolled in the school but who participate in the NCSSM university partnership Summer Ventures in Science and Mathematics (SVSM) programs, distance learning classes, and on-campus residential experiences. Outreach also includes professional development opportunities for educators across North Carolina.

The Students

NCSSM opened in September 1980 with its first class of 150 juniors. Currently, 610 students live and learn at NCSSM. Applicants compete for enrollment based on the congressional district in which they reside and are compared with other candidates from their home high school, county, and congressional district. According to NC General Statute 116-235 and without jeopardizing admission standards, an equal number of qualified applicants must be admitted from each of North Carolina's congressional districts. This mandate has had the effect of assuring that students from all counties of

North Carolina are served by the school and that the school's enrollment reflects the geographic diversity of the State. This state-wide diversity also results in racial diversity, a value the school supports by maintaining a full-time minority recruiter. Table 1 provides a five-year summary of NCSSM's racial demographics.

Table 1
Five-Year Enrollment Summary % Racial Demographics

School Year	Af. Am.	Asian	Caucasian	Hispanic	Nat. Am.
2000-2001	11.4%	15.4%	70.7%	1.8%	0.7%
2001-2002	12.3%	16.8%	67.5%	1.8%	1.1%
2002-2003	11.5%	19.0%	64.9%	3.2%	1.4%
2003-2004	12.8%	19.3%	63.5%	3.2%	1.2%
2004-2005	11.6%	19.5%	64.6%	2.5%	1.8%

The median family income of NCSSM families is shown in Table 2. Table 3 presents the number of low-wealth students currently enrolled in NCSSM. This portion of low-wealth students is typical for any school year.

Table 2
5-Yr Summary of Enrollee Family Income

Class of	Median family income
2002	$70K - $79K
2003	$70K- $79K
2004	$70K- $79K
2005	$70K- $79K
2006	$80K- $89K

Table 3
Students Currently Enrolled at NCSSM & Reporting Low-wealth Income Levels

Class of	< $10K	$10 - $19.9K	$20 - $29.9K	$30K - $39.9K	Total Low-wealth
2006	1	9	10	19	39
2005	4	9	10	26	49
TOTALS	5	18	20	45	88 (14%)

In order to attend NCSSM students leave home to begin their advanced academic preparation two years before their peers. The students separate from family and friends and come to NCSSM where they can not drive a car or hold a part-time job. The focus at NCSSM is an intense learning experience. Data collected in a recent NCSSM time-use study indicates that NCSSM students are spending in excess of 25 hours on homework in a normal school week.

Student Recruitment and Selection

Application to NCSSM is open to current 10th grade students whose parent or legal guardian is a resident of North Carolina. Applications are available in all North Carolina high schools in the early fall and an online application is also available. NCSSM retains three full-time recruiters who schedule visits in every county of the State. All application forms must be postmarked no later than January 15th. Applicants must complete the SAT I between September and January of their 10th grade year. As part of the application process, the applicant is also required to attend one of the Discovery Days which are held in the spring. On Discovery Day, in addition to the campus tours and information sessions, applicants take a math and essay writing test which become part of their applicant file.

Table 4 provides a summary of the number of applications for admission to the school over the past five years. The NCSSM admissions office believes that the increase in applications from 2005 to 2006 (a 43% increase) is largely due to the 2003 North Carolina General Assembly establishment of the tuition grant program.

Table 4
Five-Year Applicant Summary Count

Class of	# of Applications
2002	647
2003	769
2004	765
2005	746
2006	1070

The NCSSM Selection Committee consists of faculty and staff from NCSSM, as well as educators, community educational advocates, business and industry leaders from across the state. The selection committee is divided into groups of three members with composition designed to ensure racial as well as gender diversity.

The School's Graduates

Approaching its 25th year of operation, NCSSM now has 5,300 alumni and over 60% have pursued careers in mathematics, science, or technology. Since 1990, NCSSM alumni have garnered in excess of eight million dollars in venture capital. According to the alumni database, there are seven alumni who are currently CEO's and/or founders of major national and international companies. Additionally, there are 47 reported alumni who own their own business.

NCSSM graduates live in all fifty of the United States and throughout the world. There remains a strong commitment to the state of North Carolina with over 60% paying NC income tax. Currently over 85% of the school's graduates are choosing to remain in state for their undergraduate education and of those who go out of state to school, at least a

third are returning to North Carolina after college. Table 5 provides data from the past six years of data collection from NCSSM alumni.

Table 5
NCSSM Graduates More than Five Years Out of College with Career Standings and Reflections on the NCSSM Experience

Year Survey Sent in 1994, 1999, 2000, 2001, 2002, 2003	CUMMULATIVE
Target classes	'82-'99
1. Number of respondents	**3,781**
2. Achieved Advanced Degrees (JD, MBA, MD, PhD)	**19%**
3. Achieved B.A./B.S. in Math, Science, or Technology	**66%**
4. Pursuing career in Math, Science, or Technology	**62%**
5. Involved w/ community service.	**66%**
6. Pay NC Taxes	**60%**

Students' College Attendance

While occasionally a NCSSM student may defer college entrance to take advantage of a travel or intern experience, virtually 100% of NCSSM graduates enter college. Table 6 provides a five-year summary on the type of institution NCSSM students selected for college. The percentage of students attending a UNC campus increased dramatically from 59% in 2003 to 81% in 2004. As a result, there was a 16% drop in the number of students leaving North Carolina to attend an out-of-state institution.

Table 6
Five-Year Summary of Where Students are Going to College

# of Grads	# of Surveys Returned	Class of	% Enrolled in UNC System	% Enrolled in NC Private	% Enrolled in Other Out-of-State Schools
242	221	2000	52%	16%	32%
263	240	2001	49%	16%	35%
256	246	2002	49.1%	15.1%	35.8%
264	252	2003	59.2%	9.6%	31.2%
256	245	2004	81.2%	4.1%	14.7%

Table 7 indicates the UNC institutions students attended in Fall 2003 and Fall 2004. In nearly every case, the number of students increased after the NCSSM tuition program was established. The largest increases occurred at UNC Chapel Hill (74 to 105) and NC State (41 to 55).

Table 7
Number of Students Reporting Attending UNC System Schools
2003 and 2004

	2003	2004
Appalachian State University	2	4
East Carolina University	7	2
Elizabeth City State University	0	1
Fayetteville State University	1	0
North Carolina A&T State University	2	0
North Carolina Central University	2	5
North Carolina State University	41	55
UNC Asheville	7	6
UNC Chapel Hill	74	105
UNC Charlotte	1	2
UNC Greensboro	0	4
UNC Wilmington	1	5
Western Carolina University	3	0

Impact on Student Need

A study of available data on the Class of 2004 indicates that of the 190 students who enrolled in the UNC system, 121 students (64%) received funding from the North Carolina School for Science and Mathematics Grant. The Technical Corrections Act passed in 2004 restricted NCSSM Tuition Grant funds for students who received other grants and scholarships which exceeded the cost of tuition. As a result, 57 students needing financial assistance to enroll in a university were ineligible for the grant. Thirty-four of these students took student loans and/or agreed to work on campus in order to enroll in the University system.

The cost of attending one of the UNC campuses is not limited to tuition. Students have other expenses including required fees, books, room and board as well as the cost of getting to campus and home again. By reducing the NCSSM Tuition Grant by other grants and scholarships, students who most need the assistance are denied access to the funds.

Table 8 presents data for NCSSM students enrolling in the University of North Carolina in the 2004 fall semester. The students with the highest and lowest median parent's adjusted gross incomes received no grant funds because they received other scholarships or need-based aid. The current policy of reducing the NCSSM Tuition Grant due to other aid affects the students from families with the lowest median adjusted gross incomes the most; for example, over 30 students in this category received Federal Pell Grants which are targeted to the neediest students, and many had to take out student loans. Students who had need AND received the grant, received less NCSSM grant money on average than those who had no financial need.

Table 8
NCSSM Tuition Grant Summary

	Number Recipients	Number Applied for Aid	Median Parents' Adjusted Gross Income(known only for those who applied for aid)	Average NCSSM Grant
No Need/no grant	12	8	$118,400	0
No Need/grant	99	55	$89,500	$2,943
Needy/grant	22	22	$70,900	$2,506
Needy/no grant	57	57	$35,500	0

Recommendations

1. The NCSSM Tuition Grant Program should be continued.

2. The current policy of reducing the NCSSM Tuition Grant does not benefit the lower income graduates of NCSSM. It is recommended that the NCSSM Tuition Grant be restricted only if the student receives grant or scholarship assistance which exceeds the total cost of attendance, not just tuition. (Such a policy for the 2004-2005 academic year would have resulted in 44 additional students with financial need being eligible for the tuition grant funds. The other scholarships or grants the students receive would help pay the other non-discretionary costs of attending college.)

Appendix A

Outreach Initiatives

Incentive Grants Programs

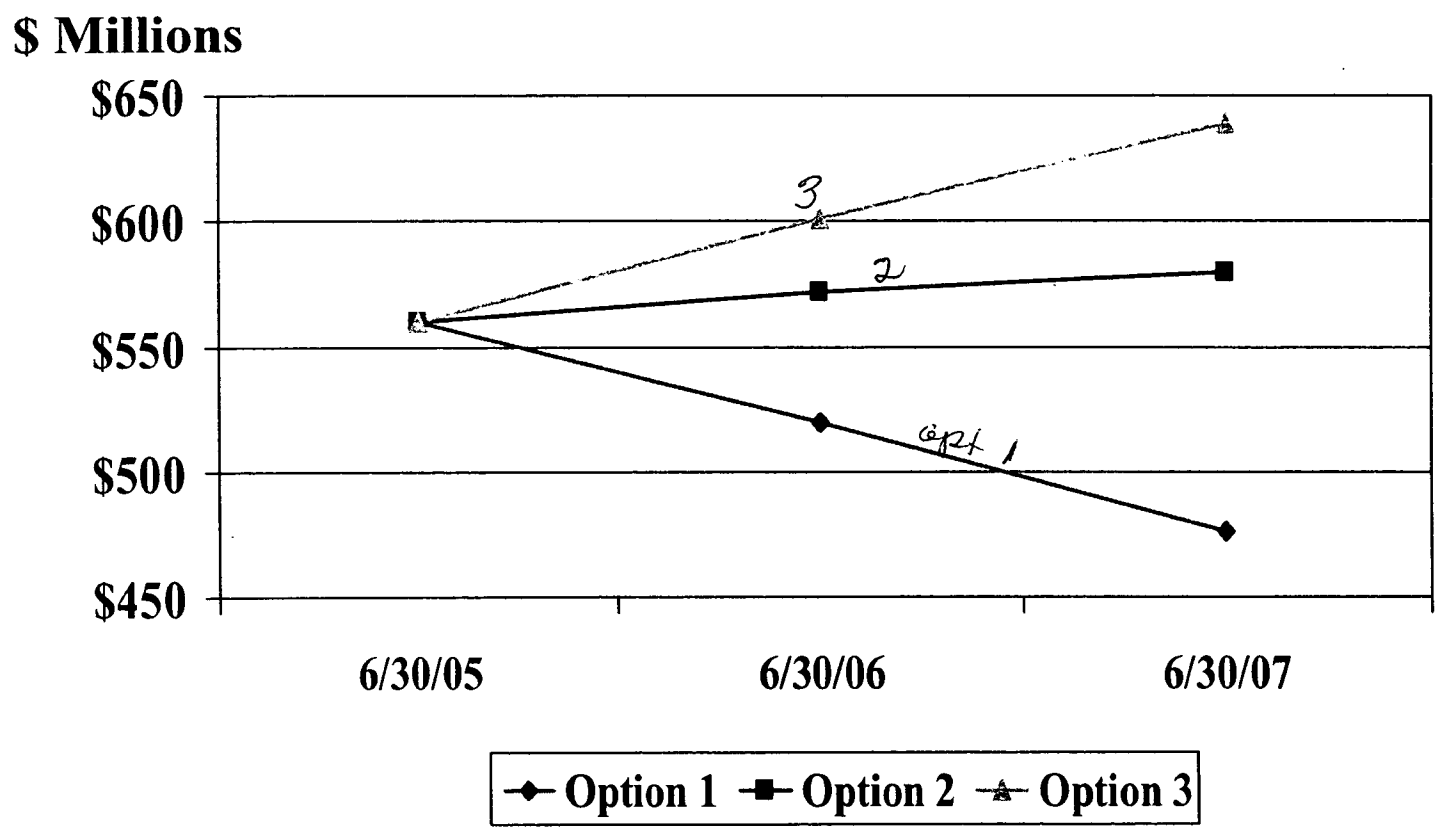
UNC

- Need Based Aid
- Includes State matching funds to federal aid through the Leveraging Educational Assistance Partnership (LEAP) and special LEAP programs
- Money distributed by State Educational Assistance Authority
- $52.2 million authorized in FY 04-05 with $49.865 million from Escheats Fund
- $575,964 increase included in 05-06 base budget

Incentive Grants Programs

- Expansion budget includes $8,674,000 in need based financial aid due to increased enrollment and $3.2 million increase due to loss of Pell grant funds due to rule change.
- In FY 2003-04, 41,103 students in the UNC system received $111.8 million in Pell Grants or an average of $2,719 per student.
- It is estimated that a federal rule change caused 14,730 students to lose $184 in Pell Grant funds.

Escheat Fund Balance



Escheat Fund

Option 1: Continue funding need-based aid

Projected Escheat Fund balance 6/30/05		**$560,209,017**
FY 05-06	Need based aid for CC & UNC at 04-05 level	($63,731,442)
FY 05-06	Request to handle increased enrollment	(12,602,909)
FY 05-06	Restoration of Pell Grant losses	(5,200,000)
		($81,534,351)
Escheated funds minus State Treasurer Expenses & refunds		$41,097,706
Projected Escheat Fund balance 6/30/06		**$519,772,372**
FY 06-07	Continue at FY 05-06 funding level	($81,534,351)
Escheated funds minus State Treasurer Expenses & refunds		$37,486,060
Projected Escheat Fund balance 6/30/07		**$475,724,081**

Option 2: Restore portion of fund

Projected Escheat Fund balance 6/30/05	**$560,209,017**
Restore $34,012,806 in need based aid to General Fund support (directed by 2003 Session Law)	
Continue funding portion of aid added in 2004	($29,718,636)
Fund FY 05-06 increases in need based aid from General Fund	
Escheated funds minus State Treasurer Expenses & refunds	$41,097,706
Projected Escheat Fund balance 6/30/06	**$571,588,087**
FY 06-07 Continue at FY 05-06 funding level	($29,718,636)
Escheated funds minus State Treasurer Expenses & refunds	$37,486,060
Projected Escheat Fund balance 6/30/07	**$579,355,511**

Option 3: Fund need based aid from interest

Projected Escheat Fund balance 6/30/05	**$560,209,017**
Escheated funds minus State Treasurer Expenses & refunds	$41,097,706
Projected Escheat Fund balance 6/30/06	**$601,306,723**
Escheated funds minus State Treasurer Expenses & refunds	$37,486,060
Projected Escheat Fund balance 6/30/07	**$638,792,783**

Campus Based Aid

- $100.2 million budgeted for financial aid in FY 04-05. $105.8 million spent on aid in FY 03-04.
- Of this amount, $25.9 million budgeted for waivers in FY 04-05. $38.9 million actually spent on waivers in FY 03-04.
- Both need-based and merit assistance.

Tuition Waivers

	FY 2003-04	FY 2004-05
Resident Staff Tuition Waiver	($1,318,670)	($51,568)
Resident Older Citizens Tuition Waiver	($148,674)	($9,104)
Resident Survivor Tuition	($2,674)	0
Nonresident Special Talent Waiver	($794,223)	($793,718)
Nonresident Graduate Assistant Waiver	($35,382,135)	($23,959,868)
Nonresident Staff Tuition Waiver	($494,817)	($3,500)
Nonresident Military Tuition Waiver	($545,350)	($1,043,755)
Certain Teacher Waiver	($21,532)	0
Nonresident Military Waiver	($30,075)	0
Extension Instruction Fee	($141,683)	0
	($38,879,833)	***($25,861,513)***

Aid to Private College Students

- Legislative Tuition Grant
- State Contractual Scholarship Fund

Legislative Tuition Grant

- $1,800 per full-time NC resident attending a private college
- $51.3 million in LTG aided 31,413 resident students in 37 colleges in FY 03-04.
- SEAA estimates 2.43% enrollment growth (to 32,570)

Legislative Tuition Grant

- 908 students added due to Army dropping its payments
- 575 students added with increased enrollment at Johnson & Wales
- SEAA estimates FY 05-06 LTG need is $53,152,900
- Current appropriation is $51,757,412.

State Contractual Scholarship Fund

- $1,100 per FTE NC resident attending a private college for need-based aid
- $36.2 million in SCSF aided 13,420 resident students in FY 03-04.
- The average grant was $2,518 in FY 03-04.

State Contractual Scholarship Fund

- SEAA estimates 2.43% enrollment growth
- 575 students added with increased enrollment at Johnson & Wales
- SEAA estimates FY 05-06 SCSF need is $35,700,000
- Current appropriation is $36,245,800.

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
6510	Appropriated Grants	$12,111,187	$16,356,591	Payments of student financial assistance to North Carolina residents on the basis of documented financial need. Funding for these grants originated in the approved budget effective July 1, 1961 and was significantly increased by the 1991 General Assembly (House Bill #83 ratified July 13, 1991), both times in conjunction with tuition rate increases. These grants, which do not require repayment in services or cash, are supported exclusively by State appropriations and are often referred to as "nonservice scholarships," "scholarship grants," and "tuition scholarships." The eligibility and awarding requirements for these need-based grants are addressed in ADMINISTRATIVE MEMORANDUM #311 dated August 26, 1991. In addition to these requirements, the chancellor may impose a maximum dollar limit for each student grant as well as allocate a portion of this money to match Federal funds awarded to the institutional for educational grants and student loans.
6515	Need-Based Nonresident Grants	$2,278,065	$34,410	Payments of student financial assistance to non-resident students on the basis of documented financial need. Funding of these grants will be from campus-initiated tuition increase receipts, which are intended to hold affected non-resident students harmless as directed by the Board of Governors when campus-initiated tuition increases are approved.
6518	Distance Ed Grant Funds	$1,506	$209	
6519	Other NonService Scholarships	$210,018	$1,432	

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
6540	Academic Enhancement Scholarships	$19,283,096	$26,537,661	Payments of student financial assistance to the extent required to cover approved tuition increases allowed under Special Legislative Provision (Section 15.15 of Chapter 507 of the 1995 Session Laws) for students receiving need-based aid. This expenditure object is only to be used by Research I institutions and those institutions offering professional degrees (DDS, DVM, JD, MD, PharmD, MBA) and include UNC-Chapel Hill, NC State University, Western Carolina University, North Carolina Central University, East Carolina University, UNC-Wilmington, Pembroke State University, UNC-Greensboro, and UNC-Charlotte. Guidelines for administering the programs at these constituent institutions are contained in C.D. Spangler, Jr.'s memo dated August 11, 1995 to the chancellors of the affected institutions.
6545	NCSU Tuition Grant	$8,273,000	$8,164,757	
6550	Teachers Scholarships	$211,342	$76,450	Financial awards to students participating in the training program for teachers who will teach retarded children in North Carolina public school programs. The awards were originally authorized and the program established in 1963 (North Carolina General Assembly) Session Laws, Chapter 845(b). The awards are based upon the recipient's scholarly merit and the chosen academic program of study. Awards do not require repayment in services or cash.
6560	Minority Medical/Dental Grants	$102,325	$108,875	Need-based grants to North Carolina resident minority students in full-time attendance and good academic standing in the Doctor of Medicine program at East Carolina University or The University of North Carolina at Chapel Hill or the Doctor of Dental Surgery program at The University of North Carolina at Chapel Hill. Grant recipients are selected and funds are awarded by medical and dental financial aid committees. Recipients are not required to repay the grants in

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
				services or cash. The program was initially funded in certified budgets for fiscal year 1987-88.
6560	WCU Tuition Grant	$465,874	$468,260	
6565	NC TIP	$74,888	$94,475	
6570	Traineeships	$115,515	$116,620	Financial awards to students enrolled in academic programs offered by the institution. The recipient of a traineeship is selected on the basis of scholarly merit and the chosen academic program of study. The specialized training received by a student and provided by the institution contributes to achieving educational goals of the institution, the student, and the funding source. Traineeships do not require repayment in services or cash.
6575	Graduate Asst. Tuition Awards	$6,510,972	$10,762,359	Tuition awards to qualifying graduate assistants at N.C. State University and UNC-Chapel Hill. The eligibility criteria has been established by the respective schools. Funding for these awards will be through the use of special academic enhancement funds and/or reallocations of other institutional resources.
6577	Grad Student Health Insurance	$3,383,997		

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
6581	UNC Campus Scholarships	$6,035,995	$3,543,862	Scholarship funds for eligible students at UNC institutions, and combines the prior Minority Presence Grants, Minority Presence Grants-II, Incentive Scholarships, Incentive Scholarship and Grant Program for Native Americans, Elizabeth City State University Incentive Program, Freshman Scholars Program, and Legislative College Opportunity Program into one fund, per Section 9.4(a-h) of S.L. 2002-126, effective July 1, 2003. It includes both need-based and merit-based grants for qualifying students who are residents of North Carolina. All obligations to students for uses of the funds that were made prior to July 1, 2003 should be fulfilled as to students who remain eligible under the provisions of the respective programs.
				Guidelines for the use of these scholarships are developed by the Board of Trustees of each constituent institution and approved by the President of The University of North Carolina. Effective July 1, 2003, all grants and scholarships previously accounted for within objects 6520 "Minority Presence Grants", 6580 "Incentive Scholarships", and 6585 "Incentive Scholarship and Grant Program for Native Americans" should be recorded within this new object. In addition, Freshman Scholars Programs and the Legislative College Opportunity should be consolidated into this new object.
6590		$6,051,061	$6,455,044	Financial awards to students other than those awards identified in minor objects 6510 through 6585. It excludes Work-Study Transfers (see minor object 8150), Loan Program Transfers (see 8160), Other Financial Aid Transfers (see 8170), compensation for services rendered, and monetary loans. This object is not restricted to purpose 230 Student Financial Aid.

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
6593	Educational Grants Student	$378,902		
6594	Campus Based Grant	$145,340	$148,654	
6595	Scholarship Fund Award	$140,905	$142,162	
6596	Education Award Undefined	$27,260	$50,000	
6598	NCSA High School Access Grants	$1,158,930	$1,296,225	Financial awards to high school students attending the North Carolina School of the Arts to cover the full cost of required fees, room and board. Funds for these grants were appropriated by the North Carolina General Assembly in the 2001 Regular Session as part of the Appropriations Bill.
0112	Resident Staff Tuition Waiver	($1,318,670)	($51,568)	Includes waivers or remissions of tuition charged to North Carolina resident students enrolled in courses or academic programs during regular terms and sessions while such persons are full-time faculty or staff employees of the institution, as authorized by North Carolina General Statutes 116-143, including amendments, and University policies and procedures established pursuant thereto. (For accrual reporting, this negative revenue should be reclassified as Other Current Services – expenditure object 3900 – and reflected in the functional area where the employees worked.)
0113	Resident Older Citizens Tuition Waiver	($148,674)	($9,104)	Includes waivers or remissions of tuition charged to North Carolina resident students enrolled in courses or academic programs during regular, and summer sessions after such persons have attained the age of sixty-five, as authorized by North Carolina General Statutes 115B-2 and University policies and procedures established pursuant thereto. (For accrual reporting, this negative revenue should be reclassified as Other Educational Awards - expenditure object 6590 – and reflected in Purpose 230 – Student Financial Aid.)
0114	Resident Survivor Tuition	($2,674)		

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
0122	Nonresident Special Talent Waiver	($794,223)	($793,718)	Includes waivers or remissions of tuition charged to nonresident undergraduate students enrolled in courses or academic programs during regular terms and sessions when such persons are solicited for special talents which are utilized or developed by the institution, as authorized by North Carolina General Statutes 116-143 and University policies and procedures established pursuant thereto. (For accrual reporting, this negative revenue should be reclassified as Other Educational Awards - expenditure object 6590 – and reflected in Purpose 230 – Student Financial Aid.)
0123	Nonresident Graduate Asst. Waiver	($35,382,135)	($23,959,868)	Includes waivers or remissions of tuition charged to nonresident graduate students enrolled in courses or academic programs during regular and summer terms and sessions when such persons are serving as graduate teaching assistants, graduate research assistants or in comparable instructional or research assignments and are concurrently enrolled as graduate students at the same institution, as authorized by North Carolina General Statutes 116-144 and University policies and procedures established pursuant thereto. (For accrual reporting, this negative revenue should be reclassified as Other Educational Awards - expenditure object 6590 – and reflected in Purpose 230 – Student Financial Aid.)
0124	Nonresident Staff Tuition Waiver	($494,817)	($3,500)	Includes waivers or remissions of tuition charged to nonresident students enrolled in courses or academic programs during regular terms and sessions while such persons are full-time faculty or staff employees of the institution, as authorized by North Carolina General Statutes 116-143, including amendments, and University policies and procedures established pursuant thereto. (For accrual reporting, this negative revenue should be reclassified as Other Current Services - expenditure object 3900 – and

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
				reflected in the functional area where the employees worked.)
0125	Nonresident Military Tuition Waiver	($545,350)	($1,043,755)	Includes waivers or remissions of tuition charged to nonresident members of the armed services (and their dependents) incident to their serving on active military duty while enrolled in The University and abiding in North Carolina. Per North Carolina General Statute 116-143.3, this account should no longer be used, beginning with fiscal year 2003-04.
0127	Certain Teacher Waiver	($21,532)		Includes waivers or remissions of the difference between regular in-state tuition and out-of-state tuition charged to North Carolina teachers who are taking courses relevant to teacher certification or to professional development as a teacher. This waiver is authorized by North Carolina General Statute 116-143.5 and is administered according to applicable University policies and procedures.

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
0129	Nonresident Military Waiver	($30,075)		Includes degree credit tuition charged to nonresident active duty military personnel enrolled in courses or academic programs during regular terms, summer sessions or through off-campus distance education who are eligible for military tuition assistance. Students must be eligible under G.S. 116-143.3 and should be charged the maximum available military tuition assistance per student credit hour not to exceed the established nonresident tuition and mandatory fee rates. This maximum charge should include the institution's Educational and Technology fee. The per credit hour portion of the military tuition rate that represents the Educational and Technology fee should be reported within object 0185. The remainder should be recorded as Nonresident Military Tuition. The waiver was effective until August 1, 2004, after this period, active military personnel are eligible for resident tuition rates.
0131	Extension Instruction Fee	($141,683)		
	Value of Grants and Waivers	$105,840,011	$100,219,559	

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
0241	Regional Education Program	$884,897	$1,242,733	In cooperation with the Southern Regional Education Board, the state is enabled to secure spaces for qualified North Carolina students at out-of-state institutions in selected health science disciplines that are not offered by institutions in North Carolina or that have sustained student demand in excess of the available spaces in North Carolina institutions. The contract costs to the state for spaces are negotiated by the Southern Regional Education Board (SREB). North Carolina began the contract programs through SREB in 1950. This activity has been in continuous operation since then, with modifications in contracts from time to time to accommodate changes in student quotas and costs of spaces. Appropriations are made to the Board of Governors for meeting the cost of the contract programs and for payment of the state's share of the operating cost of SREB. The University is responsible for the administration of the out-of-state contract programs, certifying the residence of student applicants, and providing screening of candidates prior to their acceptance by the several contracting institutions. The state has reserved a total of 98 spaces for 2003-05 in various disciplines as follows: 68 in optometry at the University of Alabama in Birmingham, Southern College of Optometry, the University of Houston, and Pennsylvania College of Optometry; and seven spaces in dentistry and seven spaces in dentistry and seven spaces in medicine at Meharry Medical college. All programs, except the program at Pennsylvania college of Optometry, are operated in cooperation with SREB. Through campus visitations, direct communications and interviews, efforts are made to impress upon the students the desire of the state to have them return to North Carolina for practice upon completion of their courses of study.

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
0242	Private Medical School Aid	$1,724,000	$2,021,788	This program is designed to encourage the Bowman Gray School of Medicine of Wake Forest University and the Duke University School of Medicine, through contractual agreements with the Board of Governors, to expand medical education opportunities for citizens of the state by enrolling increased numbers of North Carolinians. The Board of Governors pays capitation grants to the two medical schools for each North Carolina resident enrolled as a full-time student studying for the M.D. Degree. The program began with capitation payments to the two schools for North Carolinians enrolled in the first year classes in 1969-70. Since 1972-73, payments have been made for all North Carolina residents enrolled in all four classes at the two schools. In 1973, the Duke University School of Medicine agreed to enroll 30 North Carolina students in each entering class in 1973-74 and 1974-75. In return, the Board of Governors was authorized to pay $5,000 to Duke University for each North Carolina resident enrolled. Beginning in 1975-76, Duke committed to increase the number of North Carolinians in each entering class, in return for which the institution is paid $6,000 for each additional student enrolled. In 1973, the Bowman Gray School of Medicine agreed to begin in 1973-74 to enroll 45 North Carolinians in each entering class under arrangements identical to those established with Duke University. Subsequently, Bowman Gray committed to increase the number of North Carolinians in each entering class to 65, or 60 percent of the class, beginning in 1976-77, in return for capitation payments each year of $8,000 for each North Carolina resident. A specified amount of each capitation grant is to be placed in a fund to provide financial aid to needy North Carolina students.

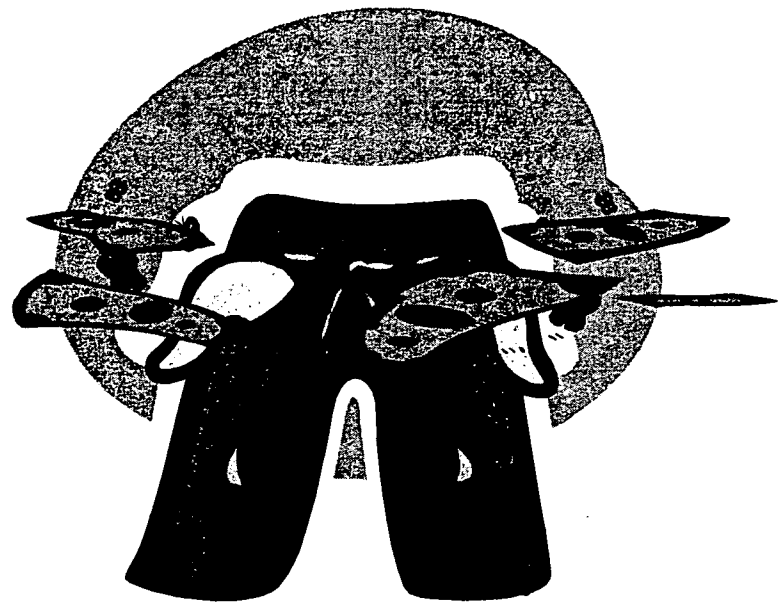
Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
0243	Aid to Private Colleges	$33,763,189	$36,245,800	This program, first funded in 1972-73, is designed to assist the state's private institutions to continue to educate North Carolina students and to enroll additional numbers of North Carolinians. The current legislative authorization provides for a payment to each institution of an amount equal to $1,100 for each full-time equivalent North Carolina undergraduate resident enrolled, and requires that the funds be provided as scholarship funds for needy North Carolina students. An agreement is signed each year with each of the private institutions. The agreements indicate the total full-time equivalent North Carolina undergraduate student enrollment in the institution as of October 1 of the year of record and the payment that will be made to the institution based on that enrollment. The agreement obligates the institution to award funds to needy students and to maintain records and submit reports. Upon completion of the agreement, the University issues the appropriate payment to the institution.
0244	Legislative Tuition Grant	$47,674,408	$51,757,412	This program, established by the General assembly in 1975, is designed to provide tuition assistance to North Carolinians who enroll full-time and pursue an undergraduate course of study at North Carolina private colleges and universities. The current legislative authorization is for payment of $1,800 of the academic year's tuition charges for each student enrolled in a program of study other than one which has as its objective the attainment of a degree in theology, divinity, or religious education or in any other program of study designed by the institution primarily for career preparation in a religious vocation. Appropriations are made to the Board of Governors for the Legislative Tuition Grants program which is administered by the North Carolina State Education Assistance Authority. The private colleges and universities

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
				bill the authority each term for and on behalf of the qualified North Carolina students enrolled. Payment is made to the institution. The institution credits such payments to the individual account of each such student and notifies the student of the source of such tuition reduction.
0245	Medical Scholarships	$1,637,085	$1,073,215 GF $645,000 Escheats	In 1974, the Board of Governors of the University of North Carolina recommended to the General Assembly the creation of a program of annual scholarships to encourage qualified North Carolina students of all races who are financial disadvantaged to apply for, gain admission to, and enroll at any of the medical schools in North Carolina. The General Assembly provided funding for 15 first-year scholarships beginning in 1974-75. The number of first-year scholarships was increased to 17 beginning in 1979-80 and to 20 in 1986-87, Interested persons submit a request for financial aid in the prescribed manner to any of the North Carolina medical schools. After admission to the medical school, the financial aid committee at the respective school recommends qualified applicants to a special scholarship committee appointed by the president of the university. The Bowman Gray School of Medicine of Wake Forest University, the Duke University Medical School, the East Carolina University School of Medicine, and the School of Medicine of the University of North Carolina at Chapel Hill each submits ten nominees. The committee makes its selection on the basis of each applicant's financial need and interest in the practice of medicine in North Carolina. Each scholarship provides a stipend of $5,000 per year, plus tuition and mandatory fees. The scholarships are renewable each year, provided that the student has made satisfactory academic progress.

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
0246	Incentive Grants Program	$9,492,064 GF $23,108,533 Escheats	$877,765 GF $49,865,000 Escheats	Under a federal program of grants to the states first authorized by Title IV of the Higher Education Act of 1965, the states are encouraged to create comprehensive programs which provide to students who demonstrate substantial financial need grants for undergraduate study at eligible educational institutions. The General Assembly appropriated the first matching funds to enable the state to utilize the federal grant for the 1975-76 school year. Appropriations are made to the Board of Governors for transfer to the North Carolina State Education Assistance Authority, which receives the federal grants. The program is administered for the authority under a contractual agreement with College Foundations, Inc., a private nonprofit corporation established in 1962 by the Governor and Council of State.
0247	Dental Scholars	$541,367	$67,521 GF $450,239 Escheats	In the fall of 1978, the Board of Governors of the University of North Carolina established a program of scholarships to increase the number of minority and financially disadvantaged students enrolled in the School of Dentistry of the University of North Carolina at Chapel Hill. The General Assembly provided funding for five first-year scholarships beginning in 1978-79 and subsequent appropriations have increased to eight students, the number of first-year scholarships. Each scholarship provides a stipend of $5,000 per year in addition to the costs of tuition, mandatory fees, and special equipment. Each scholarship is renewable provided the student has made satisfactory academic progress and continues to demonstrate financial need. Each year, eight Board of Governors' dental scholars are chosen by a special selection committee appointed by the president of the university. The eight recipients are selected from up to fifteen nominees submitted by the School of Dentistry. To be nominated by the school, a

Object Code	Object Code Name	FY 2003-04 Actual	FY 2004-05 Authorized	Explanation
				student must show evidence of financial need in meeting the expenses of a dental education and demonstrate potential for successful academic completion of the dental education program. In addition, students are evaluated for their potential to contribute to the dental health care needs of the citizens of North Carolina.
0249	Other Aids and Grants	$9,751,352	$7,354,826GF $1,790,000 Escheats	Other related education aid and grant programs consist of the following programs: Health, Science and Mathematics Need-Based Loan Program; Nurse Scholars Program; Nurse Education Scholarship Loan Program; Strengthen Teacher Education – Private Colleges (Wake Forest and Salem College); Distinguished Professor Endowment Fund; Teacher Assistant Scholarships; and Principal Fellows Program.

Tuition and Fees



North Carolina General Assembly
Joint Legislative Appropriations Subcommittee on Education
March 31, 2005

The University of North Carolina Tuition and Fees Applicable to All Regular Full-Time Undergraduate Students 2004-05

	Tuition		Total Fees	Total Resident Tuition & Fees
	Resident	Nonresident		
North Carolina State University	$3,205	$15,103	$964	$4,169
The University of North Carolina at Chapel Hill	$3,205	$16,303	$1,155	$4,360
East Carolina University	$2,135	$12,349	$1,185	$3,320
The University of North Carolina at Charlotte	$2,129	$12,241	$1,290	$3,419
The University of North Carolina at Greensboro	$2,028	$12,996	$1,356	$3,384
Appalachian State University	$1,821	$11,263	$1,334	$3,155
Fayetteville State University	$1,546	$10,982	$974	$2,520
North Carolina A&T State University	$1,769	$11,211	$1,234	$3,003
North Carolina Central University	$1,878	$11,322	$1,163	$3,041
The University of North Carolina at Pembroke	$1,689	$11,129	$1,135	$2,824
The University of North Carolina at Wilmington	$1,928	$11,638	$1,647	$3,575
Western Carolina University	$1,651	$11,087	$1,551	$3,202
The University of North Carolina at Asheville	$1,897	$11,097	$1,425	$3,322
Elizabeth City State University	$1,399	$9,738	$1,075	$2,474
Winston-Salem State University	$1,451	$9,791	$1,203	$2,654
North Carolina School of the Arts	$2,755	$14,035	$1,461	$4,216

The University of North Carolina Tuition and Fees Applicable to All Regular Full-Time Graduate Students 2004-05

	Tuition			Resident
	Resident	Nonresident	Total Fees	Tuition & Fees
North Carolina State University	$3,413	$15,461	$964	$4,377
The University of North Carolina at Chapel Hill	$3,413	$16,661	$1,147	$4,560
East Carolina University	$2,216	$12,532	$1,185	$3,401
The University of North Carolina at Charlotte	$2,204	$12,411	$1,290	$3,494
The University of North Carolina at Greensboro	$2,112	$13,162	$1,356	$3,468
Appalachian State University	$1,893	$11,476	$1,334	$3,227
Fayetteville State University	$1,618	$11,208	$974	$2,592
North Carolina A&T State University	$1,841	$11,426	$1,234	$3,075
North Carolina Central University	$2,050	$11,631	$1,139	$3,189
The University of North Carolina at Pembroke	$1,761	$11,348	$1,135	$2,896
The University of North Carolina at Wilmington	$2,004	$11,841	$1,647	$3,651
Western Carolina University	$1,723	$11,308	$1,551	$3,274
The University of North Carolina at Asheville	$1,955	$11,269	$1,425	$3,380
Elizabeth City State University	$1,458	$9,951	$1,075	$2,533
Winston-Salem State University	$1,510	$10,003	$1,203	$2,713
North Carolina School of the Arts	$3,167	$14,601	$1,461	$4,628

The University of North Carolina Tuition and Fees Applicable to All Regular Full-Time Undergraduate Students 2005-06

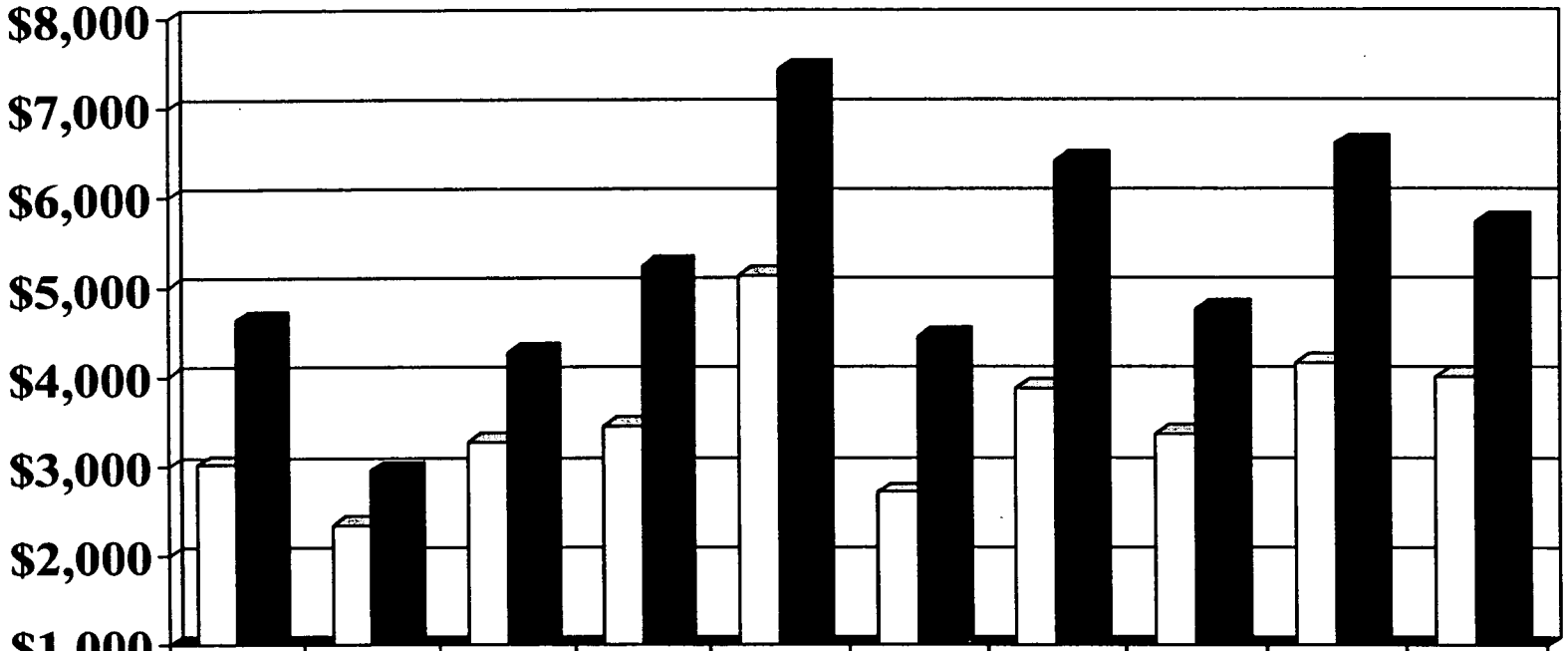
	Tuition		Total Fees	Total Resident Tuition & Fees
	Resident	Nonresident		
North Carolina State University	$3,205	$15,403	$1,044	$4,249
The University of North Carolina at Chapel Hill	$3,205	$17,003	$1,310	$4,515
East Carolina University	$2,135	$12,649	$1,335	$3,470
North Carolina A & T University	$1,769	$11,211	$1,279	$3,048
The University of North Carolina at Charlotte	$2,129	$12,541	$1,366	$3,495
The University of North Carolina at Greensboro	$2,028	$13,296	$1,388	$3,416
Appalachian State University	$1,821	$11,563	$1,414	$3,235
Fayetteville State University	$1,546	$11,282	$974	$2,520
North Carolina Central University	$1,878	$11,622	$1,217	$3,095
The University of North Carolina at Pembroke	$1,689	$11,129	$1,150	$2,839
The University of North Carolina at Wilmington	$1,928	$11,863	$1,711	$3,639
Western Carolina University	$1,651	$11,087	$1,660	$3,311
The University of North Carolina at Asheville	$1,897	$11,697	$1,558	$3,455
Elizabeth City State University	$1,399	$9,738	$1,094	$2,493
Winston-Salem State University	$1,451	$10,091	$1,328	$2,779
North Carolina School of the Arts	$2,755	$14,035	$1,487	$4,242

The University of North Carolina Tuition and Fees Applicable to All Regular Full-Time Graduate Students 2005-06

	Tuition		Total Fees	Total Resident Tuition & Fees
	Resident	Nonresident		
North Carolina State University	$3,713	$15,761	$1,044	$4,757
The University of North Carolina at Chapel Hill	$3,613	$17,611	$1,303	$4,916
East Carolina University	$2,516	$12,832	$1,335	$3,851
North Carolina A&T State University	$1,841	$11,426	$1,279	$3,120
The University of North Carolina at Charlotte	$2,504	$12,711	$1,366	$3,870
The University of North Carolina at Greensboro	$2,412	$13,462	$1,388	$3,800
Appalachian State University	$2,193	$11,776	$1,414	$3,607
Fayetteville State University	$1,918	$11,508	$974	$2,892
North Carolina Central University	$2,350	$11,931	$1,193	$3,543
The University of North Carolina at Pembroke	$1,761	$11,348	$1,150	$2,911
The University of North Carolina at Wilmington	$2,229	$12,066	$1,711	$3,940
Western Carolina University	$2,023	$11,608	$1,660	$3,683
The University of North Carolina at Asheville	$2,255	$11,869	$1,558	$3,813
Elizabeth City State University	$1,458	$9,951	$1,094	$2,552
Winston-Salem State University	$1,810	$10,303	$1,328	$3,138
North Carolina School of the Arts	$3,167	$14,601	$1,487	$4,654

Tuition and Fee Comparisons for Flagship Universities in Southeast and National Average

RESIDENT Annual Undergraduate 2000-01 and 2004-05

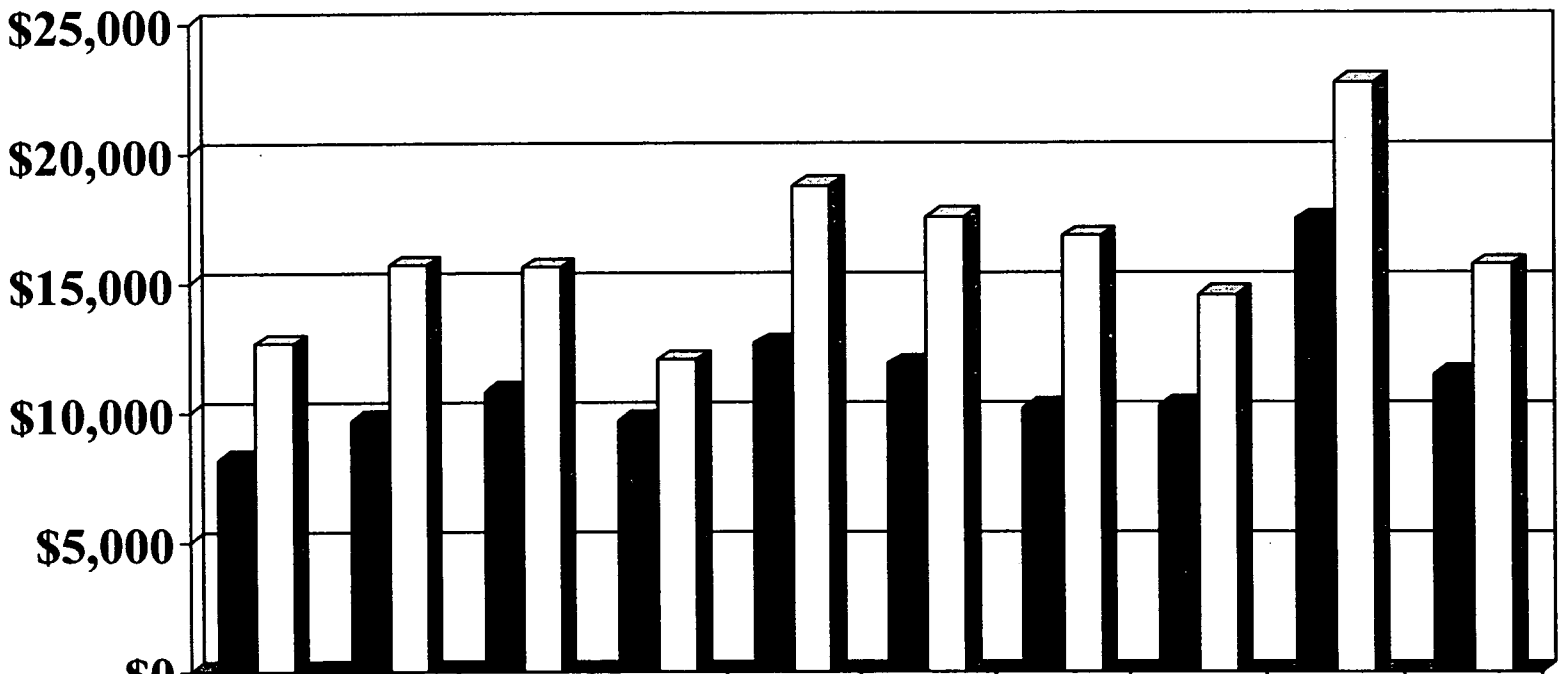


	Alabama	Florida	Georgia	Kentucky	Maryland	NC	SC	Tennessee	Virginia	Nat. Aver.
2000-01	3,014	2,348	3,276	3,446	5,136	2,710	3,868	3,362	4,160	4,003
2004-05	4,630	2,955	4,272	5,239	7,426	4,451	6,416	4,749	6,600	5,724

Source: Washington Higher Education Coordinating Board, January 2005.

Tuition and Fee Comparisons for Flagship Universities in Southeast and National Average

NONRESIDENT Annual Undergraduate 2000-01 and 2004-05

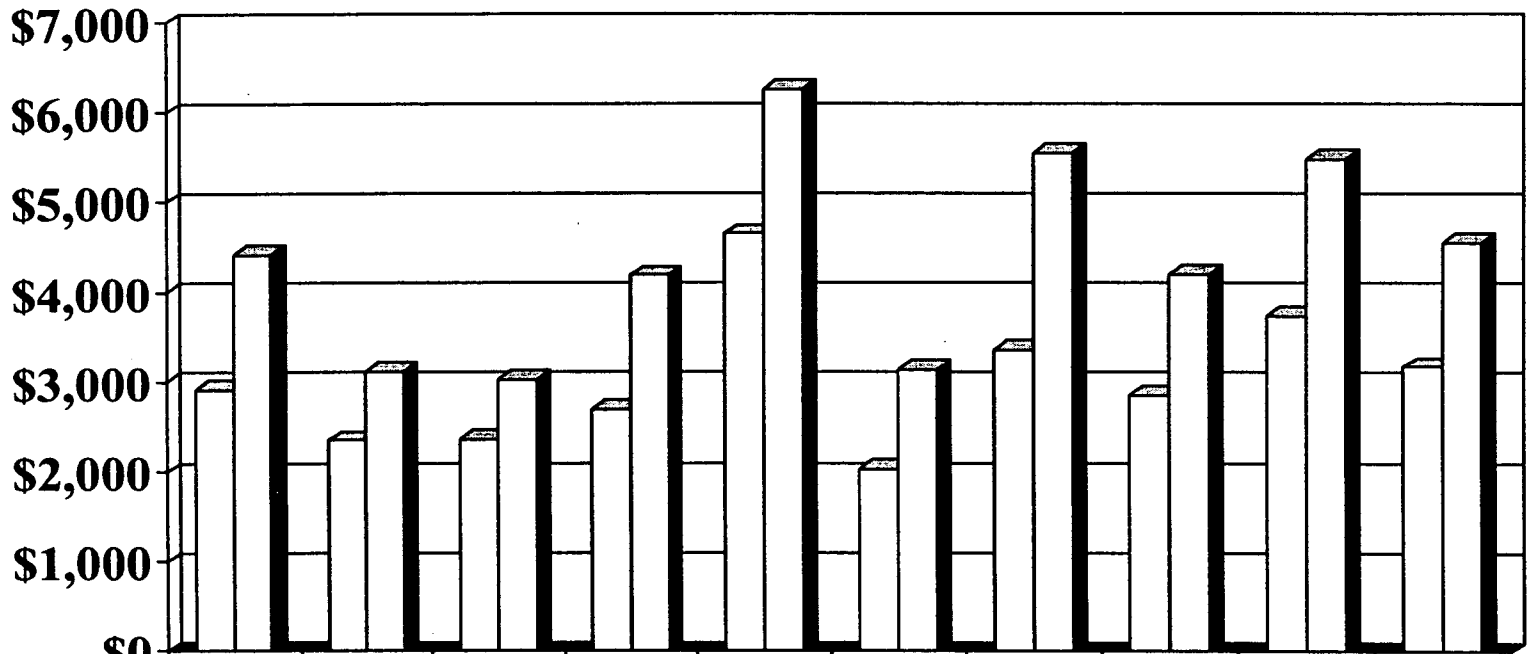


	Alabama	Florida	Georgia	Kentucky	Maryland	NC	SC	Tennessee	Virginia	Nat. Aver.
■ 2000-01	8,162	9,686	10,794	9,666	12,668	11,876	10,154	10,216	17,409	11,442
□ 2004-05	12,664	15,672	15,588	12,019	18,726	17,549	16,784	14,529	22,700	15,675

Source: Washington Higher Education Coordinating Board, January 2005

Tuition & Fee Comparisons for **Comprehensive Universities : Southeast and National Average**

RESIDENT Annual Undergraduate Tuition and Fees 2000-01 and 2004-05

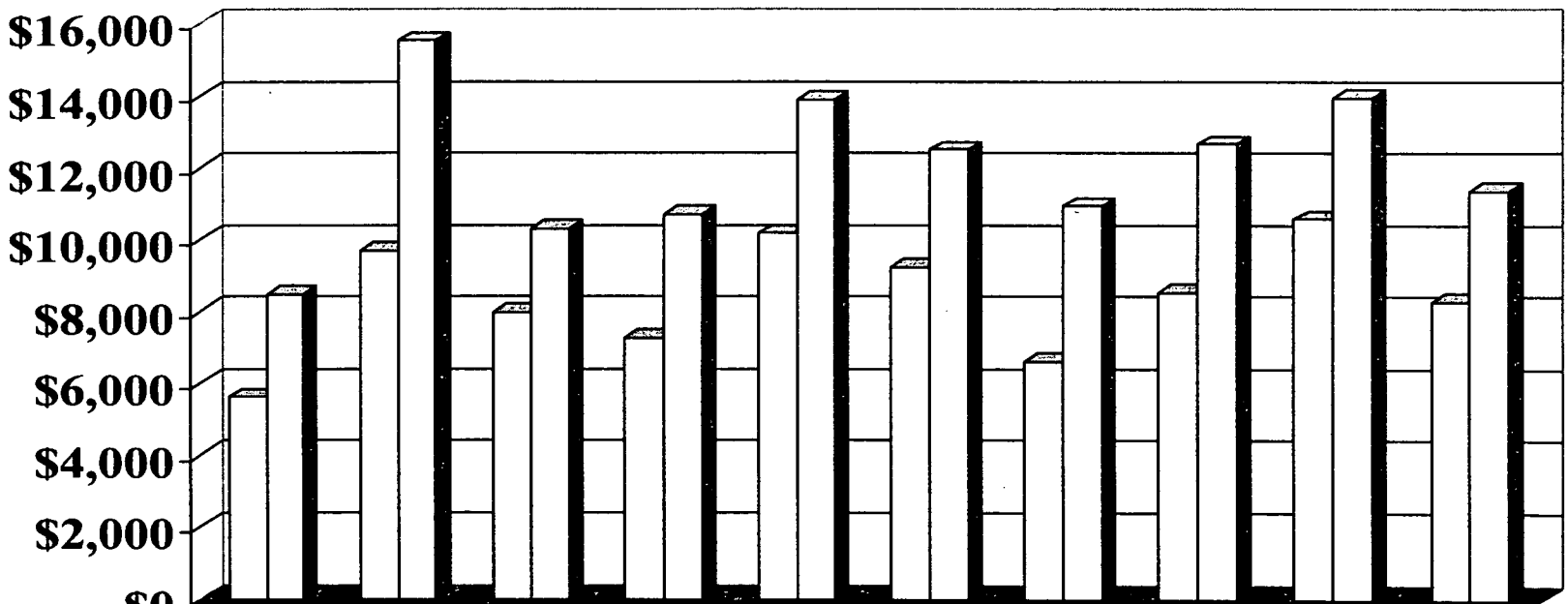


	Alabama	Florida	Georgia	Kentucky	Maryland	NC	SC	Tennessee	Virginia	Nat. Aver.
2000-01	2,916	2,348	2,361	2,699	4,650	2,025	3,350	2,852	3,730	3,164
2004-05	4,413	3,111	3,019	4,189	6,252	3,129	5,540	4,200	5,479	4,545

Source: Washington Higher Education Coordinating Board, January 2005.

Tuition & Fee Comparisons for **Comprehensive** Universities : Southeast and National Average

NONRESIDENT Annual Undergraduate Tuition and Fees 2000-01 and 2004-05

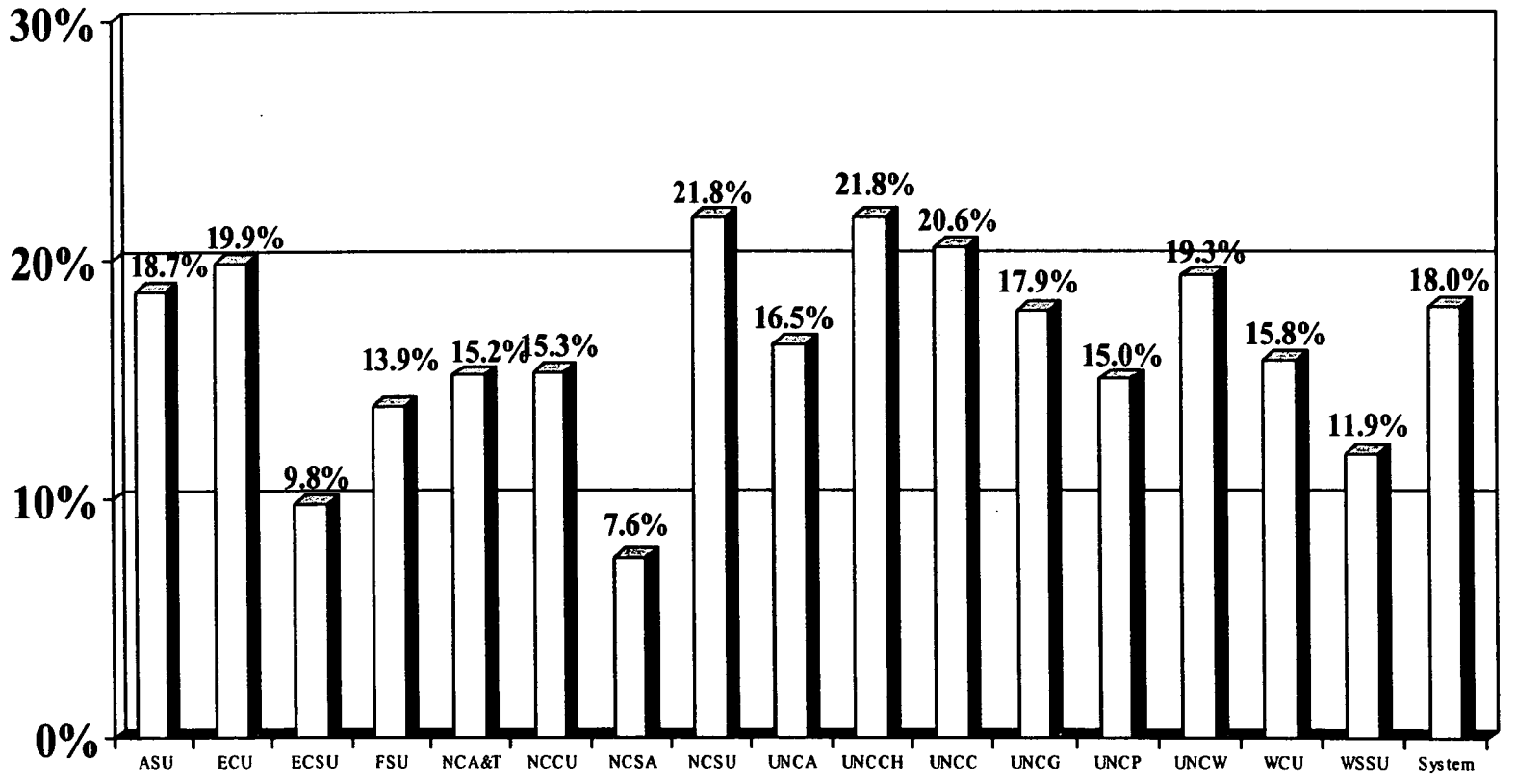


	Alabama	Florida	Georgia	Kentucky	Maryland	NC	SC	Tennessee	Virginia	Nat. Aver.
2000-01	5,628	9,686	7,989	7,255	10,175	9,244	6,610	8,524	10,572	8,273
2004-05	8,485	15,540	10,298	10,697	13,877	12,504	10,935	12,650	13,927	11,351

Source: Washington Higher Education Coordinating Board, January 2005

UNC: Percent of Academic Costs Paid by Resident Students

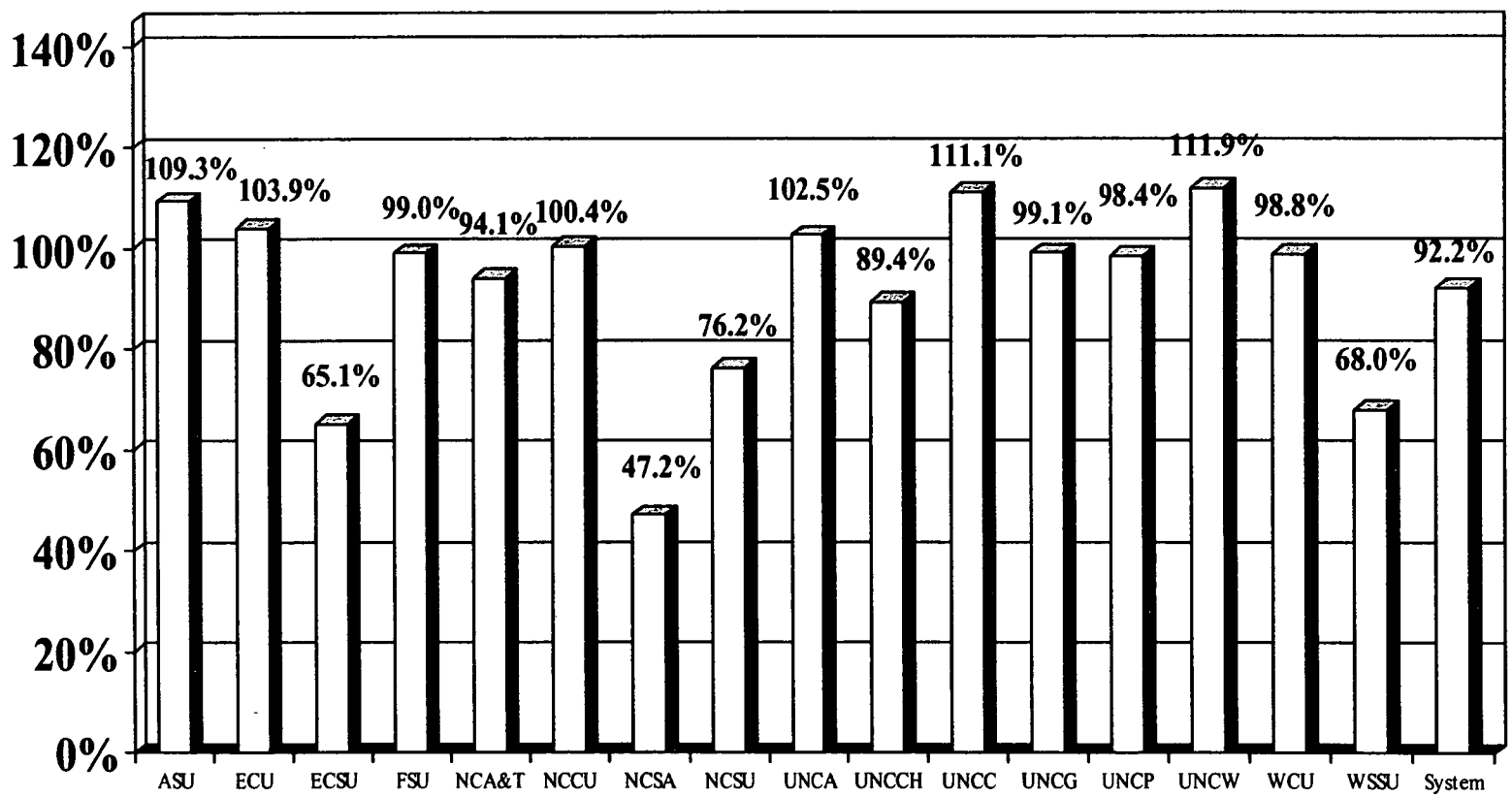
FY 2004-05



Excludes ECU Med School, NCSU Vet School, UNC-CH Health Affairs

UNC: Percent of Academic Costs Paid by Nonresident Students

FY 2004-05



Excludes ECU Med School, NCSU Vet School, UNC-CH Health Affairs

University of North Carolina
Net Appropriations & Student Receipts Per Capita (FTE Student)
FY 2004-05

Institution	Require-ments Per Capita	Student Receipts Per Capita			Appropriations Per Capita		Appropriations Per Capita	Percent of Require-ments Paid by	
		Resident Tuition	Non-Res Tuition	Other Fees & Charges	Resident	Non-Res		Resident	Non-Res
ASU	$10,043	$1,878	$10,979	$184	$7,981	($1,120)	$6,933	18.70%	109.32%
ECU (exc. Med)	$11,078	$2,202	$11,515	$187	$8,689	($624)	$7,421	19.88%	103.94%
ECSU	$14,412	$1,412	$9,384	$121	$12,879	$4,907	$11,868	9.80%	65.11%
FSU	$10,278	$1,428	$10,171	$172	$8,678	($65)	$8,033	13.89%	98.96%
NC A & T	$11,696	$1,776	$11,007	$198	$9,722	$491	$7,778	15.18%	94.11%
NCCU	$11,317	$1,730	$11,366	$194	$9,393	($243)	$8,339	15.29%	100.43%
NCSA	$25,955	$1,964	$12,246	$550	$23,441	$13,159	$18,544	7.57%	47.18%
NCSU (exc. Vet)	$15,122	$3,295	$11,526	$501	$11,326	$3,095	$10,267	21.79%	76.22%
UNC-A	$11,423	$1,883	$11,711	$156	$9,384	($444)	$8,242	16.48%	102.52%
UNC-CH,AA	$17,122	$3,733	$15,311	$566	$12,823	$1,245	$10,143	21.80%	89.42%
UNC-CH,HA	$35,122	$3,775	$14,708	$375	$30,972	$20,039	$29,362	10.75%	41.88%
UNC-C	$10,500	$2,158	$11,669	$244	$8,098	($1,413)	$6,955	20.55%	111.13%
UNC-G	$11,518	$2,058	$11,413	$303	$9,157	($198)	$8,304	17.87%	99.09%
UNC-P	$11,254	$1,688	$11,079	$167	$9,399	$8	$9,013	15.00%	98.44%
UNC-W	$10,006	$1,935	$11,201	$363	$7,708	($1,558)	$6,339	19.34%	111.94%
WCU	$10,463	$1,653	$10,340	$211	$8,599	($88)	$7,867	15.80%	98.82%
WSSU	$13,123	$1,558	$8,921	$340	$11,225	$3,862	$10,678	11.87%	67.98%
Total UNC	$13,223	$2,384	$12,188	$317	$10,522	$718	$9,172	18.03%	92.17%
Total (Exc. NCSA & UNC-CH,HA)	$12,387	$2,338	$12,093	$313	$9,736	($19)	$8,418	18.87%	97.63%
General Bacc (ECSU, UNC-A, WSSU)	$12,867	$1,630	$10,117	$229	$11,008	$2,521	$10,158	12.67%	78.63%
Total (Exc. UNC-CH,HA)	$12,479	$2,337	$12,096	$315	$9,827	$68	$8,486	18.73%	96.93%

Tuition Revenue

- Each 1% increase in resident student tuition generates an estimated $3.3 million.
- Each 1% increase in nonresident student tuition generates an estimated $2.7 million.

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION 3-31-05
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jeff Davis	UNC
Terry Leavitt	UNC
Claudia Odom	UNC
James O. Smith	UNC
Lorin Baumbower	Appalachian State Univ.
Steve Bowman	SEAA
RB Wilson	UNC
[illegible]	UNC
Elizabeth M. Duffie	NCSEA
Mark Fleming	[illegible]
Ann McArthur	Governor's Office

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION 3-31-05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	NCICU
ANN YORK	OUHS
[signature]	NCICU
[signature]	PSF
[signature]	PCNC
Trey O'Quinn	OSBM
Anne Bender	OSBM
Mark Lanier	UNCW
Dave Powell	Exposure
Joe Coletti	John Locke Foundation
Elizabeth Groves	OSBM

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Molly Ryan	NCSBA
Jamie Ayers	SBE/DPI

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mary Morgan Reeve	Schooldude.com - Cary, NC
Michael Hamsen	NCAE
Hal Miller	NCACCT

Joint Appropriations Subcommittee on Education

Agenda

Monday, April 4, 2005, 3:00 P.M.

Room 421, Legislative Office Building

Senator Swindell, Presiding

3:00	**Welcome & Introduction of Pages** *Senator Swindell*
3:10	**Education Spending Targets and Appropriations Rules** *Kristine Leggett, Fiscal Research Division*
3:15	**NCCCS Reduction Options** *Kennon Briggs, NCCCS*
3:35	**Additional Community College Reduction Options** *Kristine Leggett, Fiscal Research Division*
3:45	**University Reduction Options** *Jeff Davies, UNC-GA*
4:05	**Additional University Reduction Options** *Richard Bostic, Fiscal Research Division*
4:20	**Public Schools Reduction Options** *Philip Price, DPI*
5:00	**Additional Public School Reduction Options** *Adam Levinson, Fiscal Research Division*

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Monday, April 4, 2005, 3:00 p.m.

The Joint Appropriations Subcommittee on Education met on Monday, April 4, 2005 at 3:00 p.m. in Room 421 of the Legislative Office Building. Chairman Swindell called the meeting to order and introduced members from the Sergeants-at-Arms staff. He also welcomed Dr. Laura Bingham, President of Peace College.

Six members of the Senate were present and the following Representatives: Rep. Tolson; Rep. Yongue; Rep. Johnson; Rep. Bell; Rep. Cleveland; Rep. Fisher; Rep. Hilton; Rep. Justice; Rep. Pate; and Rep. Sauls. The Education Fiscal Research Division was in attendance. A Visitor Registration Sheet is attached.

The Chairman called on Kristine Leggett of the Fiscal Research Division, who provided a handout outlining the Rules for the Subcommittee (Attachment 1), and reviewed the spending targets and reduction strategies. Questions were raised and answered.

The Chair recognized Kennon D. Briggs, Vice President for Business and Finance, NC Community College System. Mr. Briggs prefaced his remarks on the 4% budget reductions by first responding to two specific questions raised by committee members at an earlier meeting. At the request of Rep. Cleveland, Mr. Briggs provided handouts to all members explaining the ITS Data Service Justification (Attachment 2), as well as provided a memorandum to all members at the request of Rep. Yongue regarding Opportunities for Faculty and Students to Train in Industry (Attachment 3). Mr. Briggs then proceeded to present a prioritized option list of recommendations that would reduce the budget by 4%, as directed by Fiscal Research Division. Questions were raised and answered.

The Chair recognized Kristine Leggett, Fiscal Research Division, who reviewed a handout on additional reduction options in the 2005-06 Community College budget (Attachment 5) and also explained negative reserves. Questions were raised and answered.

The Chair called on Jeff Davies, Vice President, Finance, UNC-GA, to present on behalf of the University System what impact a 4% budget reduction would have on the University System budget. A handout was provided of the power point presentation (Attachment 6). Questions were raised and answered. At the conclusion of Vice President Davies' presentation, the Chair called on Richard Bostic with the Fiscal Research Division and he discussed additional reduction option to the 2005-06 UNC budget (Attachment 7).

The Chair next recognized Mr. Phil Price with the Department of Public Instruction for a report outlining possible 4% reduction options in the public schools budget (Attachment 8). Questions were raised and answered.

The Chair called on Adam Levinson, Fiscal Research Division, who explained in detail a supplemental sheet (Attachment 9) outlining possible reduction options for the 2005-06 Public School Budget. Questions were raised and answered.

There being no further business, the chair adjourned the meeting at 5:30 p.m.

Respectfully submitted,

Senator A. B. Swindell
Chairman

Mo Hudson
Committee Assistant

Mo Hudson (Sen. Swindell)

From: Mo Hudson (Sen. Swindell)
Sent: Wednesday, March 30, 2005 11:34 AM
Subject: Cancel Notice for 3/30/05 2PM Mtg & Schedule for Wk. of 4/4/05 Jt. Approp. Subc. on Ed/Higher Ed

Principal Clerk _____
Reading Clerk _____

Cancellation Notice OF 2 P.M MTG TODAY
Schedule for Week of April 4, 2005

SENATE
NOTICE OF JOINT SUBCOMMITTEE MEETING

The Joint meeting of **Senate Appropriations Subcommittee on Education/Higher Education** and **Hou Appropriations Subcommittee on Education** previously scheduled for 2:00 p.m. today has been cancel The Committees will meet jointly at 8:30 a.m. on Thursday, March 31, 2005.

DAY	DATE	TIME	ROOM
Thursday	March 31, 2005	8:30 a.m.	421 LOB
Monday	April 4, 2005	3:00 p.m.	421 LOB
Tuesday	April 5, 2005	8:30 a.m. &	421 LOB
		1:00 p.m.	421 LOB
Wednesday	April 6, 2005	8:30 a.m.	421 LOB

The following will be considered:

- Mar. 31 – Universities Budget
- Apr. 4 – Reduction Options
  Apr. 5 – 6 Universities Budget

Senator Lucas, Co-Chair
Senator Swindell, Co-Chair

Attachment I

RULES FOR JOINT APPROPRIATIONS SUBCOMMITTEES
2005 SESSION
March 9, 2005

1. Subcommittee targets are spending targets. Subcommittees are encouraged to maximize recurring reductions.

2. Identify all budget adjustments (reductions or expansion) as recurring and non-recurring.

3. Nonrecurring reductions shall not be made to fund recurring expansion items.

4. Negative reserves or "management flexibility" reductions shall not be allowed.

5. Non-recurring expansion items are not allowed in the 2nd year of the biennium (FY 2006-07).

6. Program expansion is not allowed in the 2nd year of the biennium (FY 2006-07). This means no expansion of a program or item funded in the 1st year, and no new programs created in the 2nd year.

7. Expansion positions shall not be phased in during the fiscal biennium, but shall be effective July 1, 2005.

8. Identify all General Fund position changes (eliminations, fund shifts, newly established).

9. Identify all new receipt-supported positions recommended by the subcommittee as either time-limited or permanent positions. If time-limited, **specify** the anticipated timeframe for which the positions will be funded.

10. Special provisions shall not authorize the expenditure of reversions.

11. Refer **all** salary-related, state employee health plan, retirement, debt service, and other statewide reserve issues to the Full Appropriations Committee Chairs.

12. Subcommittees considering fee increases to help meet the subcommittee's spending target must **first** consult with Full Chairs.

13. Reduction strategies should minimize the impact on direct services to clients and consumers. Reduction strategies should address the following:
    - Reduction in layers of management and elimination of duplication of effort (Span of Control);
    - Elimination of administrative inefficiencies;
    - Streamlining and consolidation of departments, programs, offices, and services;
    - Elimination of ineffective or obsolete programs; and
    - Reduction in non-essential government services

Fiscal Research Division
Budget Development Team

Joint Subcommittee on Education
Spending Target

Starting Budgets		
Public Schools	$6,585,323,929	70.31%
Community Colleges	$756,320,880	8.08%
Universities	$2,024,322,442	21.61%
Total Education Budget	**$9,365,967,251**	
FY 05-06 Joint Spending Target	**$9,229,461,096**	
Difference	**($136,506,155)**	

Other Significant Items	
University Enrollment	$77,872,435
Community College Enrollment	$7,802,343
DSSF (Leandro)	$22,500,000
	($244,680,933)

Equitable Distribution of Reductions	
Public Schools (70.31%)	($95,979,115)
Identify $44 million negative reserve	($44,291,248)
Add DSSF	($22,500,000)
ADM Enrollment Adjustment	($9,402,812)
Total Public School Reductions Required	($172,173,175)
Community Colleges (8.08%)	($11,023,149)
Add Community College Enrollment	($7,802,343)
Total Community College Reductions Required	($18,825,492)
Universities (21.61%)	($29,503,891)
Add University Enrollment	($77,872,435)
Total University Reductions Required	($107,376,326)

***ABC Bonuses and Salary Increases will be handled by the Full Chairs**

Attachment 2

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

ITS Services Justification

ITS Data Service

$618,600 is earmarked for ITS data services. Currently, all 58 community colleges use ITS data services to provide secure Internet access over the state "backbone". The backbone is a fiber optic and copper wire network that connects state educational and agency sites across the state. It is designed for redundancy, survivability, and security. By being connected to the ITS network each college is part of the state wide area network (WAN) that minimizes the number of "pops" or data transfer points that can slow down data traffic and minimize the effectiveness of Internet traffic. By being part of the ITS state data network we benefit from ITS security protocol and can rely on ITS routers and switches that are available at no extra charge. Often routers and switches are additional charges to Internet clients and also require additional staff. This additional expense would be transferred to each community college. ITS data charges include such routers, switches and maintenance service.

It is true that many colleges can procure broadband data service from local providers at rates below those offered by ITS. However, urban colleges realize the maximum savings while rural colleges are usually burdened with rate hikes. Costs reflect proximity to large urban areas and lead to "cherry picking" Internet rate offerings to urban colleges. Increased costs can be 20% or higher for rural colleges.

ITS "levels" costs across the state – increasing costs to urban clients while lowering costs to rural clients. The result is a more uniform cost structure for each college.

Colleges can procure additional non-ITS data services that complement ITS services. Many colleges "segment" data services – running administrative and videoconferencing over the ITS connection, and running student and general Internet traffic over a locally provided, less expensive Internet access.

By adding services from a secondary Internet Services Provider (ISP), colleges can realize twin benefits from a reliable connection through ITS to the state backbone and expanded data services from local providers at lower costs.

Not only do we recommend continuation of ITS funding for data services to all 58 community colleges, we recommend expansion of data services to all 58 community colleges. Currently we have from 10% to 1% of the data infrastructure provided to our universities. Yet, we serve more students and are expected to provide freshman and sophomore level college courses to students at a fraction of the bandwidth determined acceptable to universities. We require data/video funding at the university level.

In the past 5 years, community college enrollments have increased by over 25%. In that time frame, our distance learning programs has expanded and now accounts for 11% of our total curriculum enrollments. Distance learning requires data infrastructure to provide instruction directly to students at work or at home. However, our data infrastructure funding has been unchanged since 1999.

Videoservices – Videoconferencing

$1,188,300 is earmarked for support of the community college sites on the North Carolina Information Highway (NCIH). This network is based on an outdated H.320 industry standard that dates back over 12 years. Fortunately, the ITS network was updated last year with state-of-the art hardware. One benefit to the upgrade is compatibility with the current industry videoconferencing standard – H.323 often termed IP videoconferencing.

The impact of this upgrade has cost-savings implications to community college data and NCIH funding. By migrating our 42 NCIH sites to the H.323/IP videoconferencing standard, we can redirect 2/3 of our current NCIH costs to data services.

Instead of paying $1,934 per month for NCIH service, we can now purchase T-1 data connection (averaging $1,220 across the state) and unlimited IP Video services for $685 per site for a total of $1,905. While the savings is minimal the increase in usable bandwidth at each site is approximately 40%.

An extra advantage is upgrade of ITS data service using local funding. On average, colleges can upgrade their T-1 (1.5 Megabytes per second – or 1.5MB) data service supplied by the System Office, to 3MB for an average of $1,200 per site.

All colleges contacting the System Office report utilization rates on the T-1 lines at the 95% plus range during peak periods. Many of these peak periods run from 8AM through their evening classes. Simply put, our colleges have exceeded the data bandwidth capacity supplied by the state. To remain viable, they must invest local money in data connectivity.

Currently, the NCCCS is engaged in one of the largest technology upgrades in state history to take advantage of ITS network improvements and maximize the effectiveness of our finite data/video infrastructure resources. All of our 58 institutions are participating in this migration. The target date for full implementation is July 1, 2005. This migration is an excellent example of inter-agency cooperation between ITS and the NCCCS.

Current NCCCS NCIH & Data Funding										
	Monthly Cost Currently Funded by Systems Office									
College / Site	NCIH Linecharge	NCIH Data Supplement	ITS Data	Total Monthly Cost						
Alamance Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
A-B Tech	$ 1,240.74			$1,240.74						
Beaufort County Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
Bladen Community College	$ 1,941.38		$1,100.00	$3,041.38						
Blue Ridge Community College	$ 1,941.38		$1,312.00	$3,253.38						
Brunswick Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
Caldwell Community College	$ 1,941.38		$1,100.00	$3,041.38						
Cape Fear Community College	$ -		$1,100.00	$1,100.00						
Carteret Community College	$ -		$1,100.00	$1,100.00						
Catawba Valley Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
Center for Applied Textile Technologies	$ -		$1,100.00	$1,100.00						
Central Carolina Community Collge	$ -		$2,497.00	$2,497.00						
Central Piedmont Community College	$ 1,941.38		$0.00	$1,941.38						
Cleveland Community College	$ -		$1,312.00	$1,312.00						
Coastal Carolina Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
College of The Albemarle-Elizabeth City	$ 1,941.38	$340.00	$0.00	$2,281.38						
College of The Albemarle	$ 1,941.38		$0.00	$1,941.38						
Craven Community College	$ -		$1,100.00	$1,100.00						
Davidson County Community College	$ -		$1,792.00	$1,792.00						
Durham Technical Community College	$ -		$475.00	$475.00						
Edgecombe Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
Fayetteville Technical Community College	$ 1,941.38		$1,232.80	$3,174.18						
Forsyth Technical Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
Gaston College	$ 1,941.38	$340.00	$0.00	$2,281.38						
GTCC -Jamestown	$ 1,941.38	$0.00	$1,232.80	$3,174.18						
Halifax Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
Hit It - Haywood County	$ 1,941.38	$340.00	$0.00	$2,281.38						
Isothermal Community College	$ -		$1,100.00	$1,100.00						
James Sprunt Community College	$ 1,941.38		$1,100.00	$3,041.38						
Johnston Community College	$ 1,941.38		$1,100.00	$3,041.38						
Lenoir Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
Martin Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
Mayland Community College	$ 1,941.38	$0.00	$1,100.00	$3,041.38						
Mayland Community College	$ 1,941.38	$0.00	$0.00	$1,941.38						
McDowell Technical Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						
Mitchell Community College	$ 1,941.38	$340.00	$0.00	$2,281.38						

Current NCCCS NCIH & Data Funding

Monthly Cost Currently Funded by Systems Office

College / Site	NCIH Linecharge	NCIH Data Supplement	ITS Data	Total Monthly Cost
Montgomery Community College	$ 1,941.38	$340.00	$0.00	$2,281.38
Nash Community College	$ -		$1,100.00	$1,100.00
Pamlico Community College	$ -		$1,100.00	$1,100.00
Piedmont Community College	$ -		$1,100.00	$1,100.00
Pitt Community College	$ 1,941.38		$1,312.00	$3,253.38
Randolph Community College	$ -		$1,100.00	$1,100.00
Richmond Community College	$ -		$1,312.00	$1,312.00
Roanoke-Chowan Community College	$ -		$1,100.00	$1,100.00
Robeson Community College	$ 1,941.38	$340.00	$0.00	$2,281.38
Rockingham Community College	$ -		$1,312.00	$1,312.00
Rowan Cabarrus Community College - North	$ 1,941.38	$340.00	$0.00	$2,281.38
Rowan Cabarrus Community College - South	$ 1,941.38	$340.00	$0.00	$2,281.38
Sampson Community College	$ 1,941.38		$1,100.00	$3,041.38
Sandhills Community College	$ -		$1,312.00	$1,312.00
South Piedmont Community College	$ 1,941.38		$475.00	$2,416.38
Southeastern Community College	$ 1,941.38	$340.00	$0.00	$2,281.38
Southwestern Community College	$ 1,941.38	$340.00	$0.00	$2,281.38
System Office	$ 1,941.38		$1,630.00	$3,571.38
Stanly Community College	$ 1,941.38		$1,597.00	$3,538.38
Surry Community College	$ 1,941.38		$1,100.00	$3,041.38
Tri-County Community College (Murphy)	$ 1,941.38	$340.00	$0.00	$2,281.38
Tri-County Community College (Robbinsville)	$ 1,941.38		$0.00	$1,941.38
Vance-Granville Community College	$ 1,941.38		$1,312.00	$3,253.38
Wake Technical Community College	$ -		$504.00	$504.00
Wayne Community College	$ -		$1,312.00	$1,312.00
Western Piedmont Community College	$ 1,941.38		$1,100.00	$3,041.38
Wilkes Community College	$ 1,941.38		$1,312.00	$3,253.38
Wilson Technical Community Colege	$ -		$1,100.00	$1,100.00
Monthy Totals	$ 84,720.08	$7,480.00	$44,143.60	$136,343.68
Annual Totals				$1,636,124.16

Attachment 3

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

H. Martin Lancaster, President

April 4, 2005

MEMORANDUM

TO: Members
Joint Education Appropriations Sub-Committee

FROM: Kennon D. Briggs KDB
Vice President for Business and Finance

SUBJECT: Opportunities for Faculty and Students to Train in Industry

On March 24, 2005, Committee Chairman Douglas Yongue asked to what extent the North Carolina Community College System partnered with industry to utilize their equipment for training opportunities for faculty and staff. Chairman Yongue noted that in the nation of Denmark, this was the norm. I was unable to answer the question with any sense of clarity, or with examples of how these partnerships work.

I have solicited from our colleges, and provided illustrative examples of the partnerships that we have currently underway. While by no means exhaustive, this list demonstrates that where industry is willing to allow our faculty and students in, we take advantage of that opportunity. In the end, students get "real time" experience utilizing modern technology, and it subsequently saves the state money.

President Lancaster and I appreciate the Chairman's inquiry, and the Committee's support of the System's equipment request for the 2005-07 biennium. While we are aware that you cannot possibly fund the entire request, we are hopeful that you can continue the progress that you made in the 2004 Session to increase the funding for critical equipment needs.

/kdb

Attachment

pc: President H. Martin Lancaster
Mr. Fred Williams

MAILING ADDRESS: 5013 MAIL SERVICE CENTER ~ RALEIGH, NC 27699-5013
Street Address: 200 West Jones ~ Raleigh, NC 27603 ~ 919-807-7100 ~ Fax 919-807-7164
AN EQUAL OPPORTUNITY EMPLOYER

Central Piedmont CC	**Solectron** - Solectron has offered their facility for our use in teaching electronics and machining after regular business hours. CPCC currently has this type of equipment in both the Electronic Engineering Technology and Machining Technology departments, but this would allow us to teach an electronics engineering or machining class at a different location other than Central Campus. **Siemens Westinghouse** – Siemens Westinghouse has allowed the Machining Technology department to teach classes inside the Westinghouse facility. This partnership allows students to be exposed to other machining technologies and equipment while learning on Siemens Controllers which the college does not have. This also better prepares students for potential employment by Siemens Westinghouse since they have had some minor experience with Siemens equipment. **Various Companies** – We have standing invitations from numerous companies to come and visit their facilities to see and experience the latest technology in their field. We do not necessarily teach a class they, we just expose the students to equipment that the college may not have. Some examples are below: § Julius Blum, Inc. (Lowesville) – observe automated assembly processes, stampings, powder coatings, automated storage, injection moldings § Timken Company (Iron Station) – observe the manufacture of tapered roller bearings; processes include CNC machining, automatic screw machines, grinding, heat treatment, assembly, recycling of production materials (steel scrap, grinding residue) § Cooper Tools (Monroe) – observe forging processes used in the manufacture of hand tools like wrenches, tin snips, scissors; observe investment casting process used to manufacture garden snips § Berry Tri-Plas (Monroe) – observe injection molding and printing of food containers in high-volume processes; special purpose injection molds § Charlotte Pipe – Plastics Division (Monroe) – observe manufacture of PVC pipe using an extrusion process § Charlotte Pipe – Foundry Division (Charlotte) – observe sand casting of pipe fittings; centrifugal casting of iron pipe § General Steel Drum Co. (Charlotte) – observe manufacture of steel drums using rolling, shearing, bending, painting, and pressure testing processes § Brown and Sharp (Charlotte) – presentation on state of the art coordinate measuring equipment **Innovation Grant** – A different approach that may be worth mentioning is the innovation grant that was written to bring companies into the Machining Technology department to allow our students to work on real world machining projects from these companies. The projects are managed by the company representative and have strict deadlines and quality demands. This gives the students the opportunity to experience the demands of a company, build their resume, and gives the company a chance to see potential employees in action and get a project completed at the same time. **Parks Printing** allows students and faculty to use high tech printing presses to demonstrate machinery in full production. This equipment is more advanced than the college's equipment due to a lack of equipment funds. Students receive solid experience on our entry-level equipment and get exposed to higher level equipment at Parks Printing; as a result our student are more attractive to potential employers. **Contagious Graphics** allows one of our faculty members to work on high tech equipment during the summer. This experience enhances the instructor's knowledge of automated processes, which in turn has benefited the students in the classroom. The automated equipment is very expensive and could not be purchased with current equipment funds. **Apria Corporation and Siemens Westinghouse** allowed the college to use instruments to conduct ultrasonic testing classes. The college current owns two instruments; unfortunately this is not enough equipment to run an entire class. This relationship has benefited our students by providing the opportunity to learn a very unique skill. The College's Heavy Equipment faculty and students use equipment/space at the following sites: **Caterpillar**, land-moving equipment **Cummins**-Atlantic, diesel engine assembly and testing **Overnight Trucking**, driveline and suspension training **Salem Springs Trucking**, steering and suspension training **Cysco Foods**, A/C and refrigerated vehicle training The College's Automotive Technology faculty/students use equipment/space at Ina Bearing to study suspension systems and engines. The College's Auto body Technology faculty provided Sprinter truck training at the **Cleveland Freightliner Training** Center because the College has no truck-sized paint booth. These programs require much space and lots of technology; both of which are at a premium and are challenges to fit within existing equipment allocations.

Coastal Carolina CC	**Firefighter Training** Students training as rescue technicians are trained with the multimillion-dollar helicopter from the East Carolina University Hospital System. We are allowed/invited by the Jacksonville and Camp Lejeune Fire Departments to use their quarter million to 1 million dollar plus fire trucks as part of the training equipment in several of our fire training programs (firefighter, hazardous material, aerial and driver/operator certifications). Throughout Onslow County we are allowed to use the personal protective equipment (which costs about 4K per set). A set is needed for every student so the value of this equipment escalates, as does the number of students.
Davidson County CC	Bright Industries has allowed us to place a co-op student from our Plastics program each semester. The student works with their injection molding equipment. Tyco Plastics & Adhesives has allowed us to place a co-op student from our Plastics program each semester. The student works with their injection molding equipment. In addition, the company allows the college to run three classes per year at their location. This involves about 70 students per year, who work with the company's injection molding equipment. High Point Tire Company has allowed us to place a co-op student from our Automotive program each semester. The student works with tire and automotive repair equipment. Several small machine shops in the area, particularly those specializing in automotive machining related to racing, allow the college to conduct a class at their shops. This has involved 15 students this year.
Fayetteville TCC	▪ Cape Fear Valley Medical Center (CFBMC) has allowed FTCC to take one faculty member and up to 7 students from the Respiratory Care Department to train three hours per day on their Seimens ventilators for a weekly lab session. The college cannot afford to buy a Seimens ventilator and CFVMC request our program graduates be trained on the equipment. Therefore, they allow FTCC faculty and students into the hospital for training. ▪ FTCC had 19 Faculty and Staff participated in 8 Summer Internships Positions for a two day period this past Summer. Sites included the Fire Training Facility, Police Department, and Inspections Department. The purposes of the internships were to gain insights into job demands and how technology is updated in the workplace and implemented. ▪ FTCC instructors conduct on-site training of manufacturing employees on their equipment through in-plant training at Kelly Springfield, Cutler Hammer, Black & Decker, and Technimark. The equipment nor facilities space are within the college's annual equipment or capital budget. Therefore each industry allows FTCC instructors to conduct the training. ▪ FTCC faculty participate in a summer Return to Industry program. This past summer our Advertising &Graphic Design instructor worked at Fayetteville Publishing Company and Allegra Print & Imaging Company. The purpose of the work experience was to gain hands-on experience with the state-of-the-art equipment and processes with specific software.

Guilford TCC	In our culinary department, two students will be working at one of the country clubs, Starmount Country Club, as prep cooks and garde manager. They will have the opportunity to work on the latest culinary equipment available. In the Transportation program, all faculty regularly work in local Ford, GM, and John Deere dealerships to maintain currency on the most up to date dealer maintenance equipment. Faculty also regularly train on site at numerous other businesses, NAPA Auto Parts, CarQuest, Isuzu, Volvo North America, Covington Detroit Diesel, BASF, and Eaton. In our Aviation program, with the recent donation of a Boeing 727, faculty are training with TIMCO locally to become familiar with the operating systems of the aircraft. Training is also being offered through FedEx, the plane's donor, in Memphis, TN. Aviation faculty are also training at the Cessna Citation factory in Kansas as well as the Lycoming and Continental engine factory training centers. The AST flight simulator factory in Kansas has also been a training site for aviation faculty. In our Industrial Construction Engineering Technology division, three instructors have trained with RF Micro Devices designing, testing, and troubleshooting proprietary radio frequency parts. Two instructors also have worked alongside technicians at RF Micro Devices to determine real world applications of material included in GTCC's basic electronics coursework.
Haywood CC	Examples of Industry Partnerships and Industry Technology in Support of Learning: Recently, Haywood Community College developed a training course for crane operators in the region. Obviously cranes are very expensive pieces of equipment and we do not have a regular program need for cranes. Blue Ridge Paper Products was one of the participating companies and volunteered the use of their cranes to aid in the training and testing of the course participants. Without their assistance the training experience would not have been as meaningful and the students would have found it much more difficult to complete the examination for certification. In one other example, HCC works closely with another local company, Giles Chemical, a producer of Epson salts. We have had a formal partnership with them for over a decade. In most semesters, students from our Electronics Engineering Technology and Manufacturing Engineering programs visit Giles to experience real world application of course subject matter. This pertains to the Industrial Controls, Introduction to Programmable Logic Controllers (PLC) and PLC Applications courses. The manufacturing processes at Giles provide great examples of just about every type of electronic instrumentation and process control equipment that are typically studied in these courses. In addition, this semester, the PLC applications class developed the control software for a new "crystallizer" that was installed at Giles. This crystallizer is a significant expansion to the manufacturing operation and represents an investment of approximately a half-million dollars. As a learning project, the students and instructor developed all of the control software for this project. We worked on-site at Giles to install the PLC electronics and connect the control wiring from the plant instrumentation. The students were also involved, on-site, in the start-up and verification of the control system. It is currently working very well.
Isothermal CC	Tech prep internships have helped Isothermal instructors gain experiences that they could not get any other way. These have included CNC training at SUN manufacturing, programmable controls at Parker-Hannifin Manufacturing, and computer security systems at Rutherford Hospital. In addition, nursing clinical arrangements provide access for instructors and students to gain experience with equipment that we would never be able to purchase. These include patient record systems, medication systems, monitoring systems etc. Isothermal instructors have also gone to industry numerous times to become familiar with industry specific software programs that are cost prohibitive for the college to purchase. These have included CAD software at All American Homes, CAM systems at Parker-Hannifin, and programmable controls at Torrington Manufacturing.

Lenoir CC	Lenoir Community College has working agreements with the following companies. They allow us to take our faculty members to their plants and we do four-hour training sessions for our Fork Lift Operator Training classes. Our annual equipment budget does not allow us to purchase such equipment. This working agreement with these companies is a great arrangement for the college. It also allows these companies to have their employees trained. Dopaco, Inc. Farval Lubrication MasterBrand Cabinets Mountain Air Cargo Kinston Neuse Corporation We also had the Unifi Company, formerly Dupont to donate machinery for our machine shop. This is high tech machinery that we could not have afforded to purchase. Lenoir Community College has a great relationship with all the industries in our service area.
Martin CC	See Addendum
Mitchell CC	Mitchell Community College has a very effective co-op program where students are placed in businesses and industries in Iredell County to work directly within the company and supervised by a designated employee of the company to ge real life experience in the work place. Students earn credit for these experiences and are evaluated by their instructor and their supervisor in the business or industry. Each semester, Mitchell has approximately 150 students participating in this program. Placements are made in virtually every kind of business and industry in the community. The student is placed in a business or industry that is directly related to the field of study. All vocational and technical programs require a co-op experience. The list of cooperating businesses and industries is too long to provide here, though a copy of our business and industry partners can be provided on request. Mitchell has done pre-employment training on the companies' equipment for ASMO of North Carolina, NGK, Inc., Goodyear, and a number of other companies. We use the companies equipment for a one or two week training period for folks identified by the Employment Security Commission office and then the company chooses new employees based on their performance during the pre-employment training.
Pamlico CC	▪ Our Electroneurodiagnostic Technology students complete a portion of their training at various hospitals in North Carolina including UNC Hospitals in Chapel Hill, Duke Medical Center, Pitt Memorial Hospital, Onslow Hospital in Jacksonville, and Baptist Hospital in Winston Salem. During these training sessions, students are allowed to use the latest available equipment to record electrical activity arising from the brain, spinal cord, peripheral nerves and/or somato-sensory systems. ▪ Medical Assisting students perform practicum training experiences at a variety of area medical centers including Pamlico Medical Center and East Carolina Internal Medicine, During these sessions, they are sometimes allowed to use state-of-the art Electrocardiogram equipment.

Piedmont CC	Progress Energy, in cooperation with Piedmont Community College, has developed an Electrical Power Production Technology program. Through mutual agreement, the College's Electrical Power Production Technology students go to the Progress Energy Roxboro unit for excellent hands-on training using the Progress Energy power plant simulator. The students train up to six (6) hours per week for two (2) months to complete the coursework. Piedmont Community College cannot afford to purchase a simulator with the equipment funds allocated. Progress Energy officials wanted our students to have as much on-the-job training as possible, and this class works great for the students and the company. The College also conducts training for area industries through its Industry Training Services program (New & Expanding Industry, Focused Industry Training, and Occupational Extension). Many of these classes require students to be trained on industry-specific equipment. It is not feasible for the College to purchase this equipment when it may only be used for one group of students on an infrequent basis. Training has been completed for the following companies on the specific equipment listed. Eaton Corporation - Screw Machines and Spring Winders Vector Tobacco - X1 and X2 Packers, Hauni Maker, RC4 Rotary Cutter GKN Automotive - Cell Technician for different automotive lines Royal Park Uniform - Gerber Unit and Laser Cutters TieTex Interiors - Special Doffer and Creeler equipment

Pitt CC	The two most salient examples of Pitt Community College's collaboration with industry in the use of equipment are found in our Continuing Education Division and our Health Sciences Division. Without the shared use of equipment, many of our programs in these two areas would suffer tremendously. **Continuing Education** In many cases my instructors use the company's equipment to use while teaching for example: ▪ Forklift training for ASMO, ASAHI, Caldwell, Grady White Boats, Nippon Wiper Blades, Rubbermaid, NACCO, Fuji, and many other companies - we use their forklifts ▪ Welding training for NACCO - we use their welders, and welding equipment ▪ Lathe safety training - we used ASMO's lathes ▪ Crane Safety training - we used ASMO's cranes for demonstration purposes ▪ Hazwoper (Safety - hazardous spill clean-up) - we used ASMO's, Dimon's and other companies equipment and hazardous "suits" in spill simulations ▪ Advanced Electricity for Forklifts - we use NACCO's equipment/product to teach in a lab setting on the production floor ▪ Basic Electricity classes - we use companies multi-meters to teach with – NACCO Years ago in OE classes, we used Burroughs Welcome's lab equipment (chemical labs) to teach with - then when it became Catalytica - just a few years back - we trained operators in basic electrical, pneumatics, and hydraulics - in the classroom and then went out on the floor and taught with their equipment or machines used in production for application/concept purposes for the related classroom material. We do have an arrangement set up with companies that allow us to use their diagnostic equipment for the OBD classes in our automotive area. We have four of the six OBD computers that are on the market today. The four computers have been loaned to us by the companies that make them and are used for training our students and industry personnel. In fact, the automotives area was contacted last week to discuss the possible purchase of the equipment by the school. We also partner with local emergency agencies and use their equipment to provide training for EMS and Fire and Rescue workers. **Health Sciences Curriculum** All of our Health Science programs train within clinical facilities on their equipment. We could not afford to do otherwise. However, the students have very little time to practice on the equipment because it is often used for direct patient care, diagnostic studies, etc. Our Sonography Program has been fortunate to receive several pieces of equipment through a local foundation grant to update its lab. We were cited the previous year by our accreditation agency for outdated equipment. We receive lots of positive comments from our clinical agencies related to how well-prepared our students are for clinical practice because they have been trained on certain pieces of equipment. Even though the health care industry in Pitt County has been generous in allowing training on their equipment when possible, we have found that having an up-dated lab with equipment allows our students to learn at their own pace. It affords them an unlimited amount of time to practice skills that they would not be afforded in the clinical agency, due to the fact that most agencies use their specialized equipment constantly. One interesting note is the fact that we have a fairly updated lab in our Sonography Program has also enabled us to provide training for ECU emergency room personnel when they need training.

Randolph CC	All Radiography students utilize imaging equipment during their clinical experiences that are different models than those equipped in the RCC radiography lab. Our Associate Degree Nursing students use prototype equipment while on campus. In their clinical experiences, they utilize a variety of equipment that provides them with a wider basis of knowledge. Continuing Education programs including clinical training for Nursing Assistants, Phlebotomists, EMTs and Paramedics also provide opportunities for students to use equipment in a health-care setting. Machining Technology students visit the HAAS Factory Training Outlet in Greensboro each year. This provides them with an opportunity to operate the most up-to-date equipment in the machining industry. In our Photography, Interior Design, and Advertising & Graphic Design curricula, all students participate in a cooperative experience. The students are acting as employees of a business and utilize that company's equipment.
Rowan-Cabarrus CC	There are many examples of RCCC faculty and equipment use that are invaluable for Rowan-Cabarrus Community College. Below are some examples: ▪ Our Health Occupations programs could not function without use of industry facilities and equipment. Hospitals and medical/dental offices in our service area allow our students and faculty to regularly hold clinical instruction in their facilities. The modern equipment available through the local Veterans' Administration Medical Center, Rowan Regional Medical Center, Northeast Medical Center, and Lake Norman Regional Medical Center is invaluable to the college, its programs, and students. The college would not be able to even come close to affording this equipment. ▪ Facilities and equipment available to the students and faculty in our Early Childhood Program from local day care facilities (too numerous to mention names) serves in a similar manner. We have collaborative agreements with most of these establishments throughout Rowan and Cabarrus Counties. ▪ Students in RCCC's Automotive Technology program benefit greatly from outstanding support from Nissan Motors through the Nissan Professional Cooperative Apprenticeship Program (PROCAP). This is a program in which students spend part of their time studying in the classroom and part of their time in a local NISSAN dealership using the dealer's equipment to service automobiles. While NISSAN has donated a great deal of equipment and tools to the program, instruction is much more effective with this cooperative practical dealership experience in place. ▪ Students in the Motorsports Management Technology benefit from support from Lowes Motor Speedway and many other motorsports-related businesses who serve as Cooperative Education Sponsors. These relationships provide "real-life" experiences for students seeking employment in this rapidly-growing field. ▪ During Spring, 2005, 128 RCCC students enrolled in the college's Cooperative Education Programs. This program allows students to work in area businesses and industries while studying in their chosen fields. Participating employers include 70 from Rowan County, 49 from Cabarrus County, 2 in Iredell County and 7 in Mecklenburg County. Some of the employers include: McKenzie Sports Products; Ferguson, Scarborough & Hayes, PA; Food Lion, LLC; Coates Communications; State Employees Credit Union; Southeast Hydroblasting, Inc.; CT Communications; and Air Master Mechanical. ▪ Additionally, the college has used equipment at companies in the service area for New and Expanding Industry Training. The college was able to send one faculty member to an Owens-Corning plant for special certification training in use of specific welding equipment that saved the college a great deal of money. Equipment from local fire and rescue departments is also routinely used for instruction in fire and public safety. Philip Morris has provided equipment to train their employees many times as well.

Sampson CC	Sampson Community College has worked cooperatively with Garland Shirt Factory to resolve an important training issue. In order for the company to remain competitive in the job market Garland Shirt Factory desperately needed two new pieces of equipment. One was a pressing machine and the other an embroidering machine. Therefore, the college submitted a grant to the Golden Leaf Foundation to secure the equipment; total cost was $200,000. The grant has been funded, and we are now in the process of purchasing the equipment. A part of the agreement is that Garland Shirt Factory will lease us the space in their building, and we will, in turn, lease the machine to the company. A training schedule has been developed so that a portion of the time the college will train workers on the equipment. The remainder of the time, the equipment will be used by the industry. The college's efforts are administered through Continuing Education.
Southeastern CC	**Nursing & Allied Health** Currently Southeastern Community College has contracts with 28 clinical sites for our Associate Degree, Practical Nursing and Nursing Assistant students, 13 clinical sites for Phlebotomy students, 9 clinical sites for Medical Laboratory Technology students and 10 sites for pharmacy technology students. Students are rotated through different sites in order to allow them an opportunity to experience working in various types of agencies and be able to use different types of equipment. The college could not educate allied health students without the collaboration of multiple clinical sites. The costs of the equipment the students use is beyond the scope of the community college budget allocations. Equipment such as, but not limited to, the following examples is used by allied health students in various sites: • Medical Laboratory Technology students: general chemistry analyzers, special chemistry analyzers, optical coagulation instrumentation, automated cell counters, microbiologic identification systems, and laboratory information system • Associate Degree Nursing students: ventilators, operating room tables and surgical instruments, anesthesia delivery devices, hemodynamic monitors, oxygen delivery systems, pulse oximeters, ergonomic lifting devices, wound vacs and birthing tables • Pharmacy Technology students: Laminar flow hoods, infusion preparation materials and supplies, computerized drug delivery systems and scanners • Nursing Assistant students: whirlpool tubs, lifts, various ambulatory aids used by nursing assistant students. All allied health students use computerized information systems in the various clinical sites. Students are provided appropriate education in the classroom and practice in the college campus laboratory before they are assigned to units at the clinical sites. **Business & Technology Cooperative Education** Cooperative Education is an integral part of the occupational education program at SCC, giving students the opportunity to work in business/industry settings and train on industry-specific equipment. For example, an Environmental Science Technology major recently worked as a co-op student for the City of Elizabethtown. There, she used GIS/GPS (geographical information systems/global positioning devices) to create a computer-generated map of all tree specimens within Elizabethtown. The inventory was needed in order for the city to request funds for tree replacement following hurricanes or storms. The student applied what she had learned in an introductory class and further developed her skill by using this new technology and the city's hand-held GPS units to create the map of trees. Other students have gained equipment experience working at Kroy Building Products, BB&T, state parks, and other business, industry, and government offices in co-op positions.

Wake TCC	**Industry Partnerships:** 1. John Deere Construction and Forestry Division 2. Hunter Engineering Company **Equipment on Loan:** 1. John Deere • Backhoe (usually rotated twice per year) • Loader (usually rotated twice per year) 2. Hunter Engineering Equipment (usually rotated every year) • (2) S811PL-17 Aligners • DSP306- HFSS Sensors • GSP9712-17P Balancer • TC505D-AB Brake Lathe • Associated Accessories for these Machines 3. Costal Equipment, Inc. • Ease Stand Alone Analyzer 4. Worldwide Environmental Products • Model NC 6000 Stand Alone Analyzer 5. Environmental Systems Products, Inc. • System I OBDII Stand Alone Analyzer 6. Department of Air Quality (DAQ) Mobile Sources Section • Compaq Lap Top Computer • Toshiba LCD Projector • (3) Fluke Digital Multimeters • Ease WVI 2.4 GHZ Interface Wireless • (2) Autoray Generic Scan Tool • Interro Systems 5-Analyzer • Interro Systems Oscilloscope/Scan Tool 8. Nortel • (6) Cabletrons • (25) FORE Adapters (NIC cards for ATM) • FORE ATM Switch • (8) Baystacks routers 9. CISCO • (25) CISCO Routers of various types • 5 racks of networking equipment 10. Micro Phase Coatings • Densimenter 11. Arizona Instruments • Moisture Analyzer 12. Novatec • Dryer

Wake TCC (continued)	**Industry Training:** 1. Cooperative Education students are frequently exposed to new equipment and trained in advance procedures while on co-op assignments. An example of collaboration with a co-op employer occurred several years ago when Tyco Electronics offered a training course for instructors, on Pro E drafting before it was offered at the College. That training, conducted at their facility, became the basis for later teaching the skill on campus. 2. The Engineering Technology programs use the Nortel lab facilities Highway 54 in RTP; DMS 100 (PSTN) and Succession (High Speed ATM , VoIP), This includes 5 different pieces of equipment that the students learn as well as the CLI and application software that goes with it. This is worth over 5 million dollars not to mention that each class I teach out there is probably worth $500 to the student if they were taking it from Nortel. 3. Health Sciences Division uses all of the five Wake County surgical suites during the 1st semester for "off-site lab field trips to expose the students to surgical equipment and safe usage. During the 2nd and 3rd semesters, they are at the five clinical sites three full days/week using their equipment and supplies. These arrangements decrease my program overhead to almost nothing. 4. Dental Hygiene and Dental Assisting both lack instrument washer. However, WakeMed Dental does have one and when our students rotate to that area they receive instruction on how to utilize it. It is the most modern form of decontamination for instruments, but it is not the norm in private practice dental offices yet. 5. Sometimes, the Dental Assisting personnel schedule a field trip to a Dental Lab Facility to show the student how dentures are fabricated, gold crowns are cast, etc. This is not a requirement of the ADA standards; it really is for enhancement purposes. 6. Various companies in the RTP area have offered training to our High Performance Faculty so that the instructors could be trained on state-of-the-art equipment and bring that training back to the classroom. 7. Various companies and government agencies have donated expertise and software to start our new Computer Forensics certificate program.
Wayne CC	*WCC Nursing Students complete clinical rotations at several area hospitals where they are allowed to "train" on very expensive equipment that we could not afford to purchase. Training on this equipment is necessary to prepare them for the workforce. Wayne Memorial Hospital is our primary site. Listed below are examples of equipment that our students routinely learn to use at WMH: - Accudose and AcuScan Medication Administration System (One of 9 hospitals in US using this system when WMH adopted the system) -PYXIS (computerized supply dispensing system) -Meditech (computerized documentation system) -Telemetry (heart monitoring equipment) -Various computerized pumps (IV, feeding, wound evacuation systems) -Mechanical ventilators and other critical care equipment -Blood glucose and oxygen saturation monitoring equipment -Fetal monitoring equipment *I have for several years now taken my HVACR class to assist in installing, troubleshooting, and correcting problems on the rooftop cooling and heating units at the Vernon Park Mall. These are large commercial Three phase power units that we do not have here at WCC to train on. *We currently have a collaborative agreement with the Wayne County Sheriff's Office and Detention Center to train our BLET and Detention students on the AFIS (Automated Fingerprint Identification System, CPIS (Computerized Photo Imaging System), and the AMBER ALERT System (Missing and Exploited Children's Alert System). The AFIS System costs @$300,000 and Wayne County has the training module on this piece of equipment - therefore they allow us to come in and use their for training purposes. The other two are computers with special software used only for the purposes of Photo Imaging and AMBER ALERT - we are allowed to use these also to train our students on to teach them how to enter missing children into the national database, with the Photo Imaging - it allows us to recreate a computerized picture of a suspect based on the victim's description.

Western Piedmont CC	Western Piedmont Community College is collaborating with the following businesses and industries for training purposes: ▪ Southern Devices will undergo vendor specific training on plastics injection molding equipment in order to develop an apprenticeship program. ▪ Continental Teves is developing equipment-specific training on their Siemens PLC controllers with the ultimate goal of acquiring the controllers for our Industrial Systems laboratory. ▪ Blue Ridge Health Care (hospital), labs, Grace Ridge and Grace Heights nursing facility, several doctor's offices (lab), Autumn Care Nursing Home, and Broughton Hospital allow us to use outside facilities and equipment for clinical training and instruction for our NA-I, NA-II and Phlebotomy students. ▪ Valdese Weavers is asking us to locate teachers to train individuals on their weaving equipment (Jacquard Loom-computerized). After set-up of these weaving classes, they will talk to the individuals about a job at their facility.
Wilson TCC	Wilson Technical Community College is fortunate to work with several business who allow us to train on the equipment in their plants. The Bridgestone-Firestone Intro to Tire Manufacturing Training Program, The Intro to Pharmaceutical Manufacturing Training Program, (Merck, Eon, Leiner, and Purdue) and coming this Fall the Machinist Training For Industry program, (Carolina Forge and Kidde Aerospace). In each of these situations the industries named will allow our faculty and/or students to be trained on their equipment in their plants. The machinist program details have not been finalized yet but company officials have agreed to the concept in early discussions. The equipment in all these plants is extremely expensive and it is most cost effective for us to teach the basics on campus and then go to the actual equipment in the industry to get specific training.

ADDENDUM

STATE BOARD OF COMMUNITY COLLEGES

Use of Company Equipment by Community College Faculty and Students
Beaufort County Community College

For many years Beaufort County Community College (BCCC) has developed positive relationships by way of its Co-op Work Experience Program with local businesses and industries to train students under faculty supervision on equipment located at local business and industry sites. The Co-op Program has proven to be a win-win relationship. Not only do students receive training with industry-current or specialized equipment that the College does not have, but the students receive training right there.... at the company work site. The company also wins with an available "home-grown" work force. Stanadyne of Washington, for example, provided training this spring semester for the BCCC Mechanical Engineering Program on a Hydroturn Machine which molds injector bodies for John Deere. The College could not have offered that type of training without the help of Stanadyne. Several other examples are listed below:

Fall, 2004

EQUIPMENT TRAINING SITE	Program	Faculty	Students	Equipment
Naval Aviation Depot (NADEP)	MEC, WLD, Ind Sys Tech	1	15	Specialized Welding, Sheet Metal Processing, Electrical Systems
Chesson Auto Repair	AUT	1	4	Emission Control Equipment, Engine, Brake
Flanders Filters	Ind Syst Tech	1	1	Specialized Welding
NC Department of Transportation	HEATT: Const Equip Systems	1	2	Bulldozer, Excavator

Spring, 2005

EQUIPMENT TRAINING SITE	Program	Faculty	Students	Equipment
Naval Aviation Depot (NADEP)	MEC, WLD, Ind Sys Tech, Electrical Eng	1	14	Specialized Welding, Sheet Metal Processing, Electrical Systems
Chesson Auto Repair	AUT	1	1	Emission Control Equipment, Engine, Brake
Lee Tractor	HEATT: Ag	1	1	Sprayer, Tractor
Lilly International	Systems, Const		1	
Mattamuskeet Iron Works	Equip Systems		1	Hydraulic Equipment
NC Department of Transportation			4	Bulldozer, Excavator,
Fountain Power Boat	WLD	1	1	Lathe & Mill Machine
Stanadyne	Mech Eng Tech		1	Hydroturn Machine (Injector body for John Deere equipment)
Weir Valves & Control	WLD		1	Specialized Welding: MIG, TIG, & Stick; Plasma repairs

ADDENDUM

STATE BOARD OF COMMUNITY COLLEGES

Use of Company Equipment by Community College Faculty and Students
Martin Community College

April 4, 2005

Kennon Briggs
North Carolina Community College System
Vice President for Business and Finance
5013 Mail Service Center
Raleigh, NC 27699-5013

Dear Mr. Briggs,

This letter is a response for your request for information that might speak to examples of Martin Community College (MCC) working with area industry to provide training opportunities for faculty and students in that respective industry on equipment that the College does not own and or can not afford.

I hope it is acceptable if I first provide some information and opinion based on personal and professional experience. I came to the NCCCS after working in industry as a plant engineer, risk manager and training officer for approximately 25 years. This experience was with two fairly large and progressive corporations that both took the support offered by community colleges in North Carolina and around the county very seriously. In both organizations we required at least associates degrees for most of our skilled trades' personnel before they would be considered for employment. It was my experience when working with our corporate legal counsel that they recommended not accepting the liability associated with the following Denmark model referenced in your request. Both would have liked to have been more accessible to support training but the cost of and incident was much to high. This might be one area that Representative Yongue might provide significant help by generating legislation that makes the risk to the industry more manageable. The potential for a case that would require litigation is small but the costs are quite high and fall well outside what be considered an acceptable cost/benefit ratio. I'm sure there are industries in the MCC service area that would be supportive of this type training collaboration if the cost/benefit ratio could be improved.

That said, the examples that follow do not fit the model exactly but do represent examples in which MCC in cooperation with area business and industry are able to collaborate and provide training opportunities that might not have existed otherwise.

FIT and NEIT

Fruit of the Loom in Williamston, North Carolina and Martin Community College (MCC) partnered to train Fruit of the Loom employees/MCC enrolled students on the latest in textile robotic equipment manufactured by the Rieter Corporation. This training was supported by North Carolina Community College Focused Industrial Training (FIT) funding which makes it possible for Community College to assist industries in their training efforts. Fruit of the Loom and MCC have collaborated on a number of different training projects over the past 3 years with this latest project being done in the fall of 2004.

In March of 2005 Martin Community College and Ann's House of Nuts have collaborated and enrolled Ann's employees into MCC training supported through Focused Industrial Training (FIT) funds to provide training on new PPI Technologies pouch packing equipment. It would not be possible for MCC to support area business and industry training needs without the flexibility to go into industries like Ann's House of Nuts and access their equipment for training. This activity and others like it make it possible to maintain a well trained workforce in support of business growth.

During a major New and Expanding Industry (NEIT) training effort between PENCO Products, Inc. and Martin Community College (MCC) that spanned the years between 2001 and 2003 there were hundreds of PENCO employees/MCC enrolled students that were trained on a variety of pieces of equipment used in metal fabrication. Examples of the equipment used for training included CNC Punch Presses, Roll Formers, Press Brakes and CNC Metal Shears. Former textile mill workers were given new skills as metal workers as a result of this project. During this training project, MCC employees worked within the industry on PENCO equipment to make this training possible. This model and others like it are excellent examples of what can be accomplished when industry and community colleges work together in training activities that improve the skills of our workforce.

Return to Industry

Air Conditioning, Heating and Refrigeration Instructor, Bill Everette, works in two area industries to hone his skills with some of the latest equipment used for cooling in the food processing industry. The Sara Lee Plant in Tarboro N.C. and Perdue Farms in Robersonville, NC both provided excellent opportunities for Mr. Everette to come into their facilities through a Return to Work Program and train for a week in each location with advanced commercial ammonia cooling systems. Commercial ammonia cooling systems are common in the food processing industry but the size and cost of these systems typically exceed space limitations and budgets of most community colleges. This training opportunity provided Mr. Everette with the hands own experience needed to make him and even more effective in the refrigeration portion of his program.

Curriculum Clinical Programs

The Dental Assisting Program at Martin Community College works closely with area dentists to make training available to students on some of the most modern dental equipment in the industry. The dental offices of Dr. Kevin Burton, Drs. Kapps and Bowen, Dr. Bill Lee, Dr. Jeffery Calwell and Dr. Natalie McCarthy allow MCC students to train on new digital radiography equipment that is replacing old X-ray equipment that has been used for many years and is still used on campus. Another exciting new piece of equipment that students train on in these offices is an automatic fabrication machine by Cerec that is used to make inlays and onlays. This is a high tech version of the old crown we are so familiar with. Both the digital radiography and Cerec machines would not have been available to students without the support of dental offices noted above.

Medical Assisting students from Martin Community College are given to opportunity to get hands on experience with a wide variety of the latest medical and laboratory testing equipment and X-Ray equipment through their clinical course experiences. The Bertie County Rural Health Association, Martin General Hospital and Physicians East all collaborate with MCC to train Medical Assisting students in the use of some of the latest medical diagnostic equipment available regionally. The technology used in medicine is changing at an extremely rapid pace and it is not possible for Community Colleges to stay current with the latest developments. Without the support of organizations like those mentioned above, Medical Assisting Students would not be provided all of the training needed to meet the requirements of their profession.

Martin Community College Physical Therapist Assistant (PTA) students are provided valuable training on high tech equipment physical therapy equipment in area hospitals and clinics. Working with Beaufort County Hospital, Pitt Memorial Hospital and Caswell Center PTA, students work with the latest equipment in electrical stimulation and diathermy that they do not have access to on the College campus. The technology used in the rehabilitation of muscles and joints is changing so rapidly that Community Colleges can not afford to keep pace. Access to training on some of the most modern equipment makes PTA students better prepared to meet the demands of potential future employers.

These are some examples of who Martin Community College does collaborate with area business and industry to support training on equipment that is not available with in the College. I hope these are helpful as you work with Representative Yongue.

Sincerely,

Dick Oates

Dick Oates
Martin Community College

VISITOR REGISTRATION SHEET

Jt. Subc. On Education/High Education — April 4, 2005 3:30 pm

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susan Booth	NC School of the Arts
	NCICU
Lydia W. Prude	DPI
	NCAIS
	PENC
Karel Kinsey	Peace College
	Peace College
	DPI
	CMS
	Com cft

VISITOR REGISTRATION SHEET

Jt. Subc. On Education/High Education — April 4, 2005 3:30 pm

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kelvin Spraggley	NC FPSC
Rebecca Troutman	NCACC
Gem Causby	NCSFSA
[illegible]	SBE/DPI
Mary Doug	UNC Pres
[illegible]	Wake Forest
[illegible]	WCPSS

VISITOR REGISTRATION SHEET

Jt. Subc. On Education/High Education — April 4, 2005 3:30 pm

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Michael Houser	NCAE
Elizabeth Draeneten	OSBM
Bryan J Conrad	OSBM
Trey O'Quinn	OSBM
John Mosley	GOV Office
Nikki McDougald	Intern (Sen Lucas)
Sandra Griffin	NCTA
Julia Kaas	NCTA
Cecil Bond	NCAE
Hal Miller	NCACCT
Matt Welty	NCCU

VISITOR REGISTRATION SHEET

Jt. Subc. On Education/High Education — April 4, 2005 3:30 pm

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kevin FitzGerald	DNC CH.

Joint Appropriations Subcommittee on Education
Agenda
Tuesday, April 5, 2005, 8:30 A.M.
Room 421, Legislative Office Building
Rep. Tolson, Presiding

I. Welcome

II. Tuition and Fees

Richard Bostic, Fiscal Research Division

III. Enrollment Growth

Richard Bostic, Fiscal Research Division

IV. Targeted Zero Based Budgeting

Richard Bostic, Fiscal Research Division

V. Selected Topics (Overhead Receipts, Strategic Initiative Reserve Fund, etc.)

Richard Bostic, Fiscal Research Division

VI. Adjourn

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

April 5, 2005 – 8:30 a.m.

The Joint Appropriations Subcommittee on Education met on Tuesday, April 5 at 8:30 a.m. Chairman Tolson called the meeting to order and recognized the Pages and the Fiscal Staff. A Visitor's Registration Sheet in attached as a part of these Minutes.

Members present were: Representative(s) Jeffus, Chair, Yongue, Chair; Rapp, Vice Chair; Bell, Cleveland, Fisher, Justice, Pate, Sauls; Senator(s) Lucas, Co-Chair, Swindell, Co-Chair, Garwood, Atwater and Stevens.

Rep. Tolson recognized Ms Amanda Devore, President of the UNC Student Government Association and is the student representative on the UNC Board of Governors.

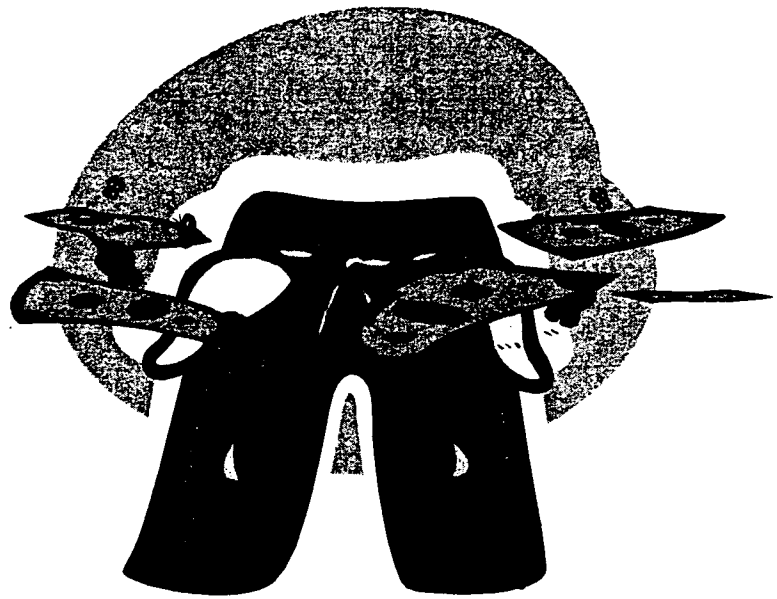
Richard Bostic of the Fiscal staff was called on to continue his discussion of the UNC overview. Topics discussed: Tuition and Fees; Enrollment Growth, Targeted Zero Based Budgeting, Selected Topics (Overhead Receipts, Strategic Initiative Reserve Fund). These presentations are attached to these Minutes and are made a part of the record. The floor was opened for questions. Mr. Jeff Davis, Director of Finance of the University system responded to many of the inquiries.

Rep. Tolson thanked Richard for his excellent presentation. The Committee was adjourned at 9:45 a.m.

Rep. Joe Tolson, Chairman

Shirley Phillips, Committee Assistant

Tuition and Fees



North Carolina General Assembly
Joint Legislative Appropriations Subcommittee on Education
March 31, 2005

The University of North Carolina Tuition and Fees Applicable to All Regular Full-Time Undergraduate Students 2004-05

	Tuition		Total Fees	Total Resident Tuition & Fees
	Resident	Nonresident		
North Carolina State University	$3,205	$15,103	$964	$4,169
The University of North Carolina at Chapel Hill	$3,205	$16,303	$1,155	$4,360
East Carolina University	$2,135	$12,349	$1,185	$3,320
The University of North Carolina at Charlotte	$2,129	$12,241	$1,290	$3,419
The University of North Carolina at Greensboro	$2,028	$12,996	$1,356	$3,384
Appalachian State University	$1,821	$11,263	$1,334	$3,155
Fayetteville State University	$1,546	$10,982	$974	$2,520
North Carolina A&T State University	$1,769	$11,211	$1,234	$3,003
North Carolina Central University	$1,878	$11,322	$1,163	$3,041
The University of North Carolina at Pembroke	$1,689	$11,129	$1,135	$2,824
The University of North Carolina at Wilmington	$1,928	$11,638	$1,647	$3,575
Western Carolina University	$1,651	$11,087	$1,551	$3,202
The University of North Carolina at Asheville	$1,897	$11,097	$1,425	$3,322
Elizabeth City State University	$1,399	$9,738	$1,075	$2,474
Winston-Salem State University	$1,451	$9,791	$1,203	$2,654
North Carolina School of the Arts	$2,755	$14,035	$1,461	$4,216

The University of North Carolina Tuition and Fees Applicable to All Regular Full-Time Graduate Students 2004-05

	Tuition			Resident
	Resident	Nonresident	Total Fees	Tuition & Fees
North Carolina State University	$3,413	$15,461	$964	$4,377
The University of North Carolina at Chapel Hill	$3,413	$16,661	$1,147	$4,560
East Carolina University	$2,216	$12,532	$1,185	$3,401
The University of North Carolina at Charlotte	$2,204	$12,411	$1,290	$3,494
The University of North Carolina at Greensboro	$2,112	$13,162	$1,356	$3,468
Appalachian State University	$1,893	$11,476	$1,334	$3,227
Fayetteville State University	$1,618	$11,208	$974	$2,592
North Carolina A&T State University	$1,841	$11,426	$1,234	$3,075
North Carolina Central University	$2,050	$11,631	$1,139	$3,189
The University of North Carolina at Pembroke	$1,761	$11,348	$1,135	$2,896
The University of North Carolina at Wilmington	$2,004	$11,841	$1,647	$3,651
Western Carolina University	$1,723	$11,308	$1,551	$3,274
The University of North Carolina at Asheville	$1,955	$11,269	$1,425	$3,380
Elizabeth City State University	$1,458	$9,951	$1,075	$2,533
Winston-Salem State University	$1,510	$10,003	$1,203	$2,713
North Carolina School of the Arts	$3,167	$14,601	$1,461	$4,628

The University of North Carolina Tuition and Fees Applicable to All Regular Full-Time Undergraduate Students 2005-06

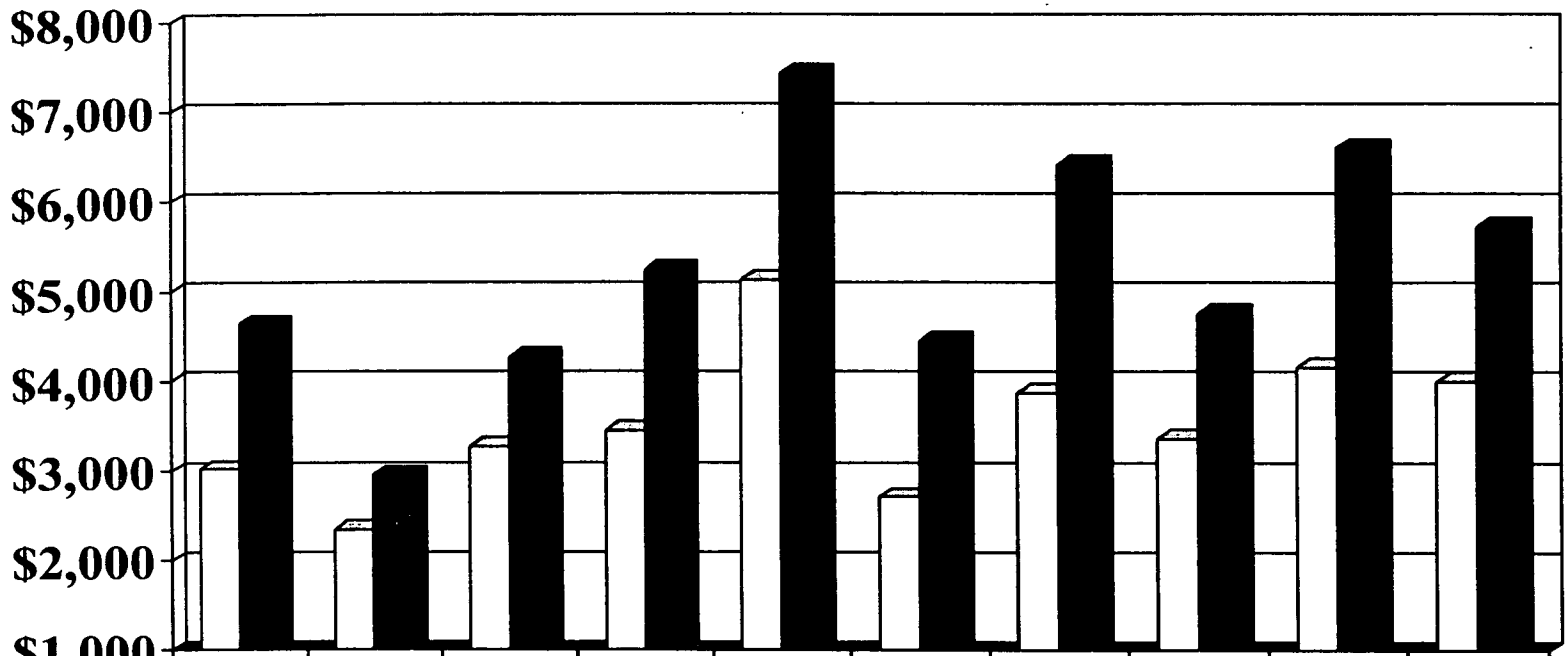
	Tuition		Total Fees	Total Resident Tuition & Fees
	Resident	Nonresident		
North Carolina State University	$3,205	$15,403	$1,044	$4,249
The University of North Carolina at Chapel Hill	$3,205	$17,003	$1,310	$4,515
East Carolina University	$2,135	$12,649	$1,335	$3,470
North Carolina A & T University	$1,769	$11,211	$1,279	$3,048
The University of North Carolina at Charlotte	$2,129	$12,541	$1,366	$3,495
The University of North Carolina at Greensboro	$2,028	$13,296	$1,388	$3,416
Appalachian State University	$1,821	$11,563	$1,414	$3,235
Fayetteville State University	$1,546	$11,282	$974	$2,520
North Carolina Central University	$1,878	$11,622	$1,217	$3,095
The University of North Carolina at Pembroke	$1,689	$11,129	$1,150	$2,839
The University of North Carolina at Wilmington	$1,928	$11,863	$1,711	$3,639
Western Carolina University	$1,651	$11,087	$1,660	$3,311
The University of North Carolina at Asheville	$1,897	$11,697	$1,558	$3,455
Elizabeth City State University	$1,399	$9,738	$1,094	$2,493
Winston-Salem State University	$1,451	$10,091	$1,328	$2,779
North Carolina School of the Arts	$2,755	$14,035	$1,487	$4,242

The University of North Carolina Tuition and Fees Applicable to All Regular Full-Time Graduate Students 2005-06

	Tuition			Total Resident
	Resident	Nonresident	Total Fees	Tuition & Fees
North Carolina State University	$3,713	$15,761	$1,044	$4,757
The University of North Carolina at Chapel Hill	$3,613	$17,611	$1,303	$4,916
East Carolina University	$2,516	$12,832	$1,335	$3,851
North Carolina A&T State University	$1,841	$11,426	$1,279	$3,120
The University of North Carolina at Charlotte	$2,504	$12,711	$1,366	$3,870
The University of North Carolina at Greensboro	$2,412	$13,462	$1,388	$3,800
Appalachian State University	$2,193	$11,776	$1,414	$3,607
Fayetteville State University	$1,918	$11,508	$974	$2,892
North Carolina Central University	$2,350	$11,931	$1,193	$3,543
The University of North Carolina at Pembroke	$1,761	$11,348	$1,150	$2,911
The University of North Carolina at Wilmington	$2,229	$12,066	$1,711	$3,940
Western Carolina University	$2,023	$11,608	$1,660	$3,683
The University of North Carolina at Asheville	$2,255	$11,869	$1,558	$3,813
Elizabeth City State University	$1,458	$9,951	$1,094	$2,552
Winston-Salem State University	$1,810	$10,303	$1,328	$3,138
North Carolina School of the Arts	$3,167	$14,601	$1,487	$4,654

Tuition and Fee Comparisons for Flagship Universities in Southeast and National Average

RESIDENT Annual Undergraduate 2000-01 and 2004-05

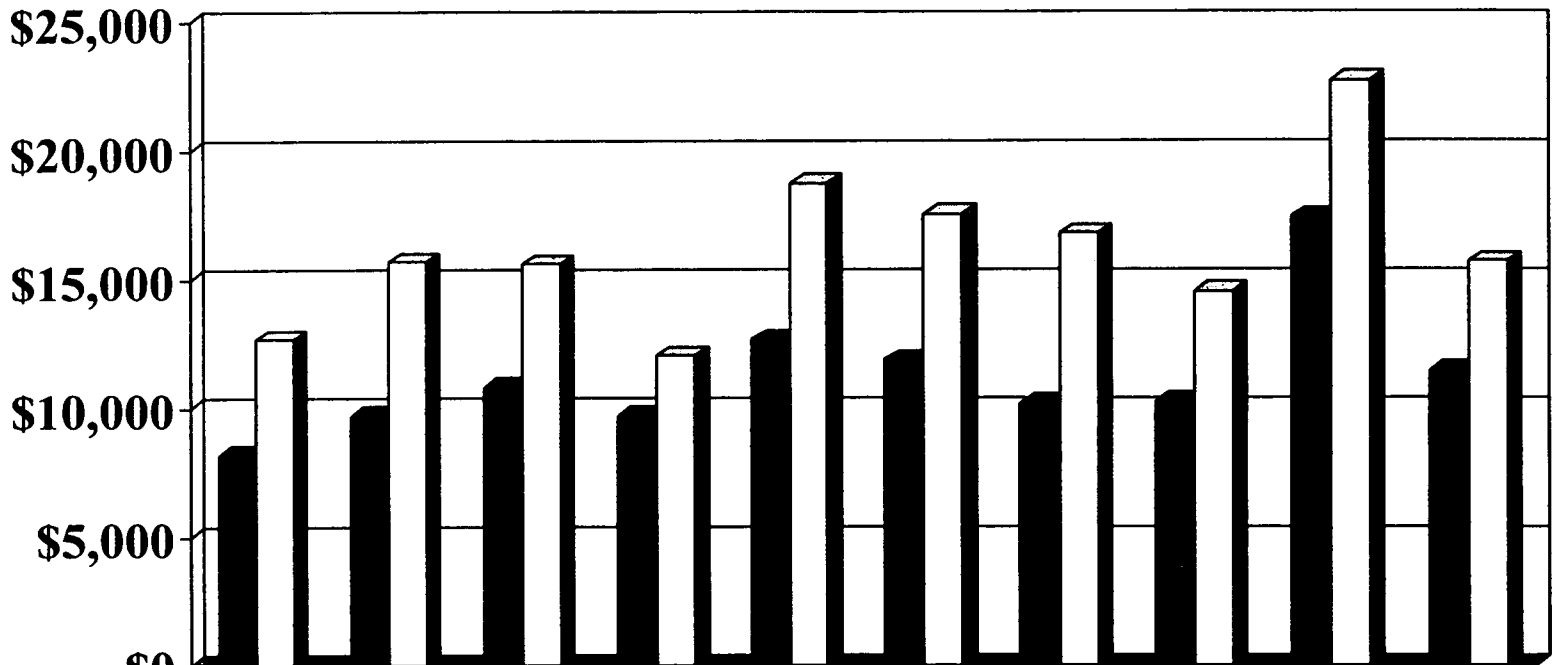


	Alabama	Florida	Georgia	Kentucky	Maryland	NC	SC	Tennessee	Virginia	Nat. Aver.
□ 2000-01	3,014	2,348	3,276	3,446	5,136	2,710	3,868	3,362	4,160	4,003
■ 2004-05	4,630	2,955	4,272	5,239	7,426	4,451	6,416	4,749	6,600	5,724

Source: Washington Higher Education Coordinating Board, January 2005.

Tuition and Fee Comparisons for Flagship Universities in Southeast and National Average

NONRESIDENT Annual Undergraduate 2000-01 and 2004-05

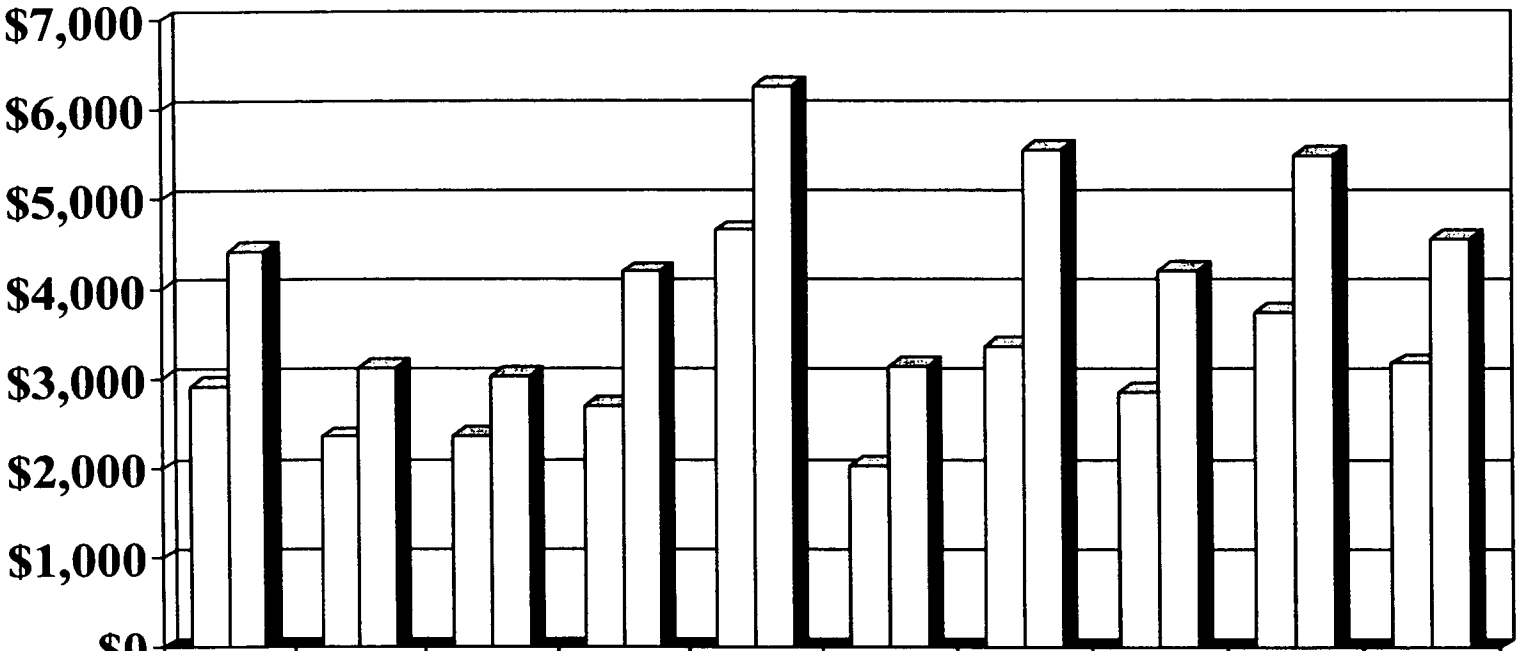


	Alabama	Florida	Georgia	Kentucky	Maryland	NC	SC	Tennessee	Virginia	Nat. Aver.
■ 2000-01	8,162	9,686	10,794	9,666	12,668	11,876	10,154	10,216	17,409	11,442
□ 2004-05	12,664	15,672	15,588	12,019	18,726	17,549	16,784	14,529	22,700	15,675

Source: Washington Higher Education Coordinating Board, January 2005

Tuition & Fee Comparisons for **Comprehensive Universities : Southeast and National Average**

RESIDENT Annual Undergraduate Tuition and Fees 2000-01 and 2004-05

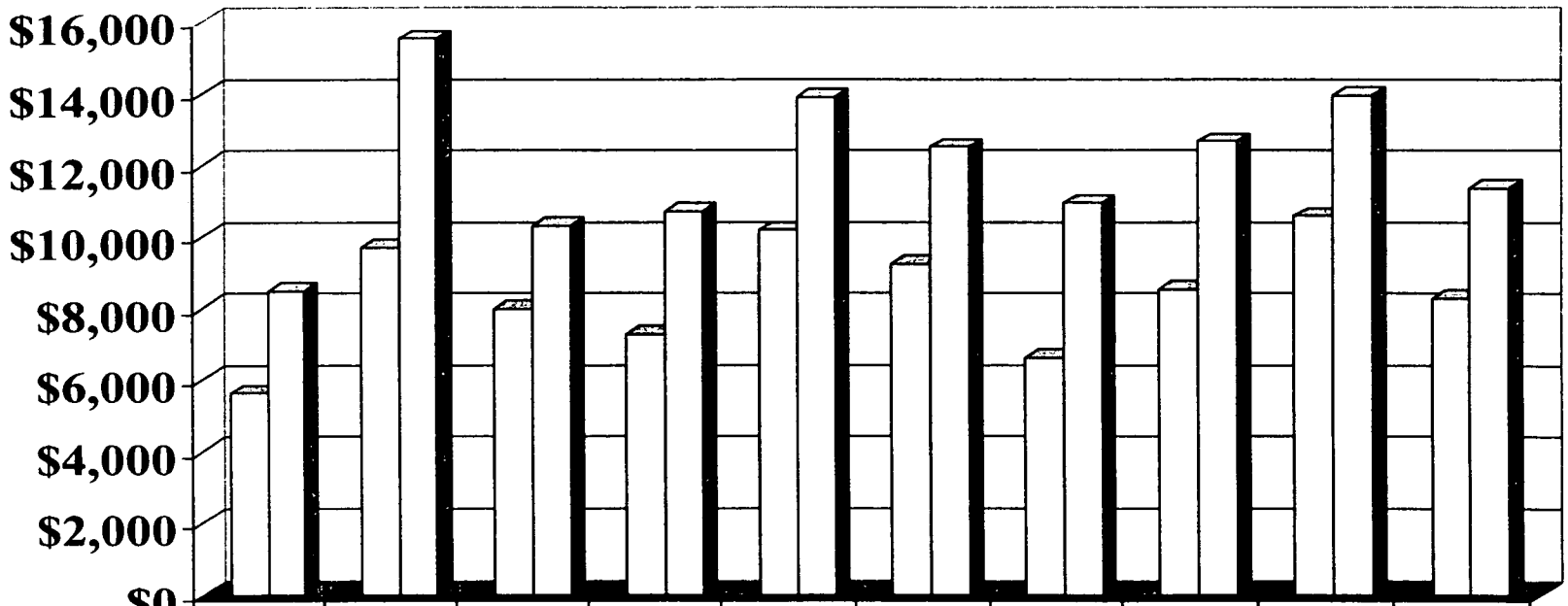


	Alabama	Florida	Georgia	Kentucky	Maryland	NC	SC	Tennessee	Virginia	Nat. Aver.
2000-01	2,916	2,348	2,361	2,699	4,650	2,025	3,350	2,852	3,730	3,164
2004-05	4,413	3,111	3,019	4,189	6,252	3,129	5,540	4,200	5,479	4,545

Source: Washington Higher Education Coordinating Board, January 2005.

Tuition & Fee Comparisons for **Comprehensive** Universities : Southeast and National Average

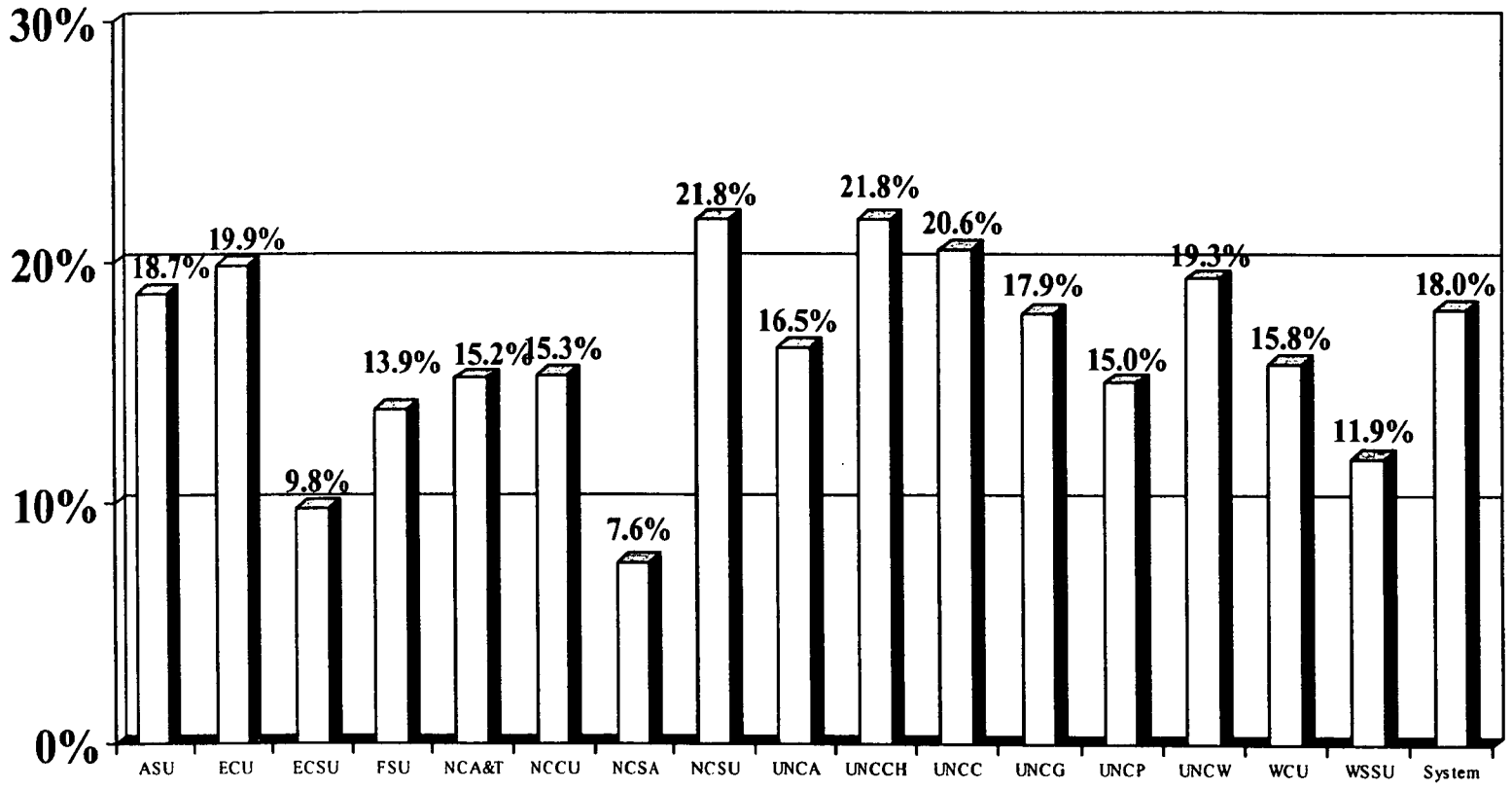
NONRESIDENT Annual Undergraduate Tuition and Fees 2000-01 and 2004-05



	Alabama	Florida	Georgia	Kentucky	Maryland	NC	SC	Tennessee	Virginia	Nat. Aver.
2000-01	5,628	9,686	7,989	7,255	10,175	9,244	6,610	8,524	10,572	8,273
2004-05	8,485	15,540	10,298	10,697	13,877	12,504	10,935	12,650	13,927	11,351

Source: Washington Higher Education Coordinating Board, January 2005

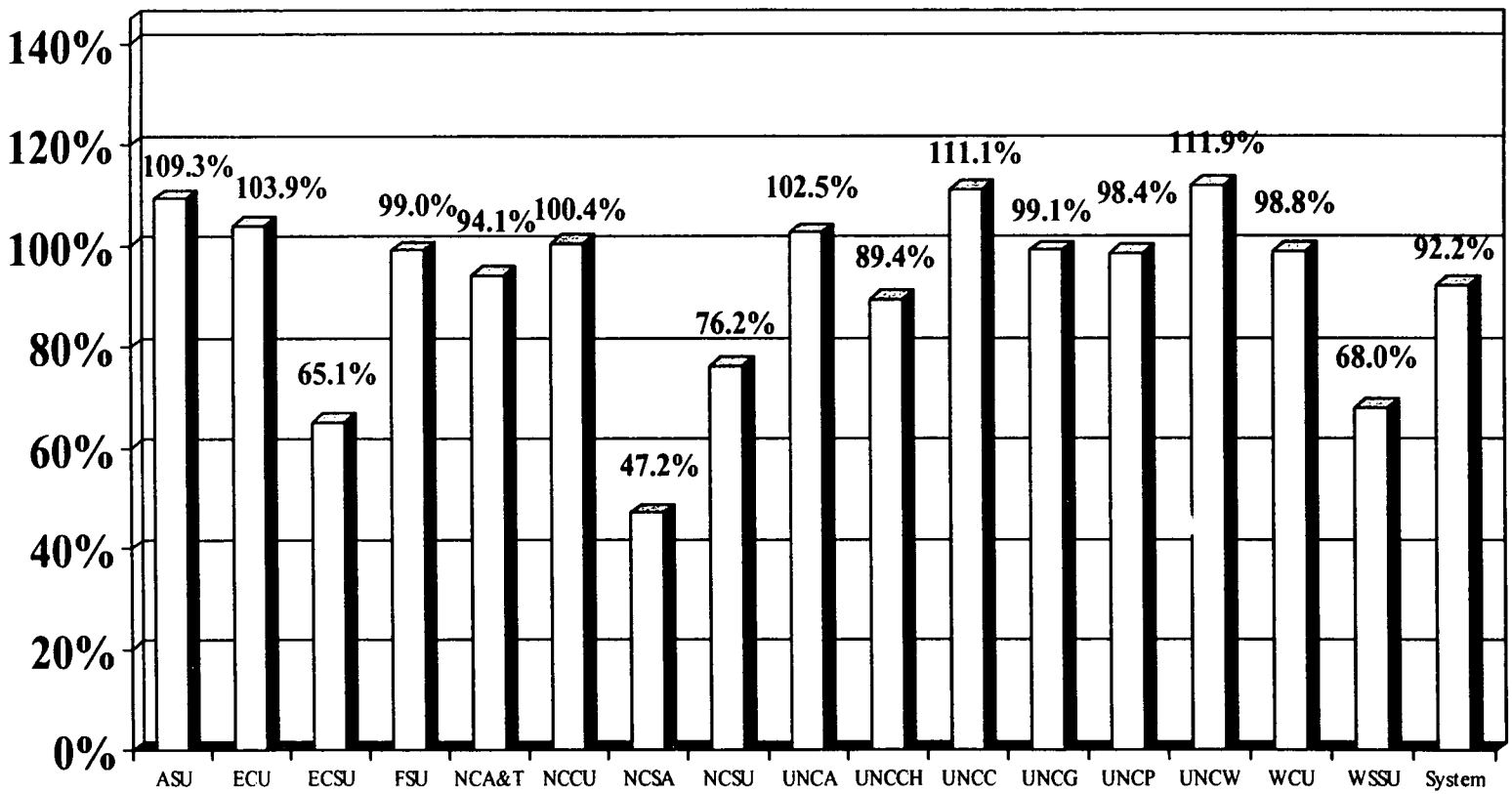
UNC: Percent of Academic Costs
Paid by Resident Students
FY 2004-05



Excludes ECU Med School, NCSU Vet School, UNC-CH Health Affairs

UNC: Percent of Academic Costs Paid by Nonresident Students

FY 2004-05



Excludes ECU Med School, NCSU Vet School, UNC-CH Health Affairs

University of North Carolina
Net Appropriations & Student Receipts Per Capita (FTE Student)
FY 2004-05

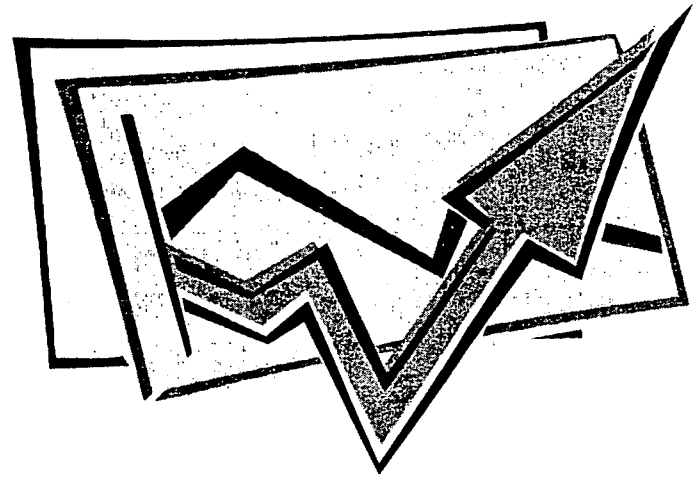
Institution	Require-ments Per Capita	Student Receipts Per Capita			Appropriations Per Capita		Appropriations Per Capita	Percent of Require-ments Paid by	
		Resident Tuition	Non-Res Tuition	Other Fees & Charges	Resident	Non-Res		Resident	Non-Res
ASU	$10,043	$1,878	$10,979	$184	$7,981	($1,120)	$6,933	18.70%	109.32%
ECU (exc. Med)	$11,078	$2,202	$11,515	$187	$8,689	($624)	$7,421	19.88%	103.94%
ECSU	$14,412	$1,412	$9,384	$121	$12,879	$4,907	$11,868	9.80%	65.11%
FSU	$10,278	$1,428	$10,171	$172	$8,678	($65)	$8,033	13.89%	98.96%
NC A & T	$11,696	$1,776	$11,007	$198	$9,722	$491	$7,778	15.18%	94.11%
NCCU	$11,317	$1,730	$11,366	$194	$9,393	($243)	$8,339	15.29%	100.43%
NCSA	$25,955	$1,964	$12,246	$550	$23,441	$13,159	$18,544	7.57%	47.18%
NCSU (exc. Vet)	$15,122	$3,295	$11,526	$501	$11,326	$3,095	$10,267	21.79%	76.22%
UNC-A	$11,423	$1,883	$11,711	$156	$9,384	($444)	$8,242	16.48%	102.52%
UNC-CH,AA	$17,122	$3,733	$15,311	$566	$12,823	$1,245	$10,143	21.80%	89.42%
UNC-CH,HA	$35,122	$3,775	$14,708	$375	$30,972	$20,039	$29,362	10.75%	41.88%
UNC-C	$10,500	$2,158	$11,669	$244	$8,098	($1,413)	$6,955	20.55%	111.13%
UNC-G	$11,518	$2,058	$11,413	$303	$9,157	($198)	$8,304	17.87%	99.09%
UNC-P	$11,254	$1,688	$11,079	$167	$9,399	$8	$9,013	15.00%	98.44%
UNC-W	$10,006	$1,935	$11,201	$363	$7,708	($1,558)	$6,339	19.34%	111.94%
WCU	$10,463	$1,653	$10,340	$211	$8,599	($88)	$7,867	15.80%	98.82%
WSSU	$13,123	$1,558	$8,921	$340	$11,225	$3,862	$10,678	11.87%	67.98%
Total UNC	$13,223	$2,384	$12,188	$317	$10,522	$718	$9,172	18.03%	92.17%
Total (Exc. NCSA & UNC-CH,HA)	$12,387	$2,338	$12,093	$313	$9,736	($19)	$8,418	18.87%	97.63%
General Bacc (ECSU, UNC-A, WSSU)	$12,867	$1,630	$10,117	$229	$11,008	$2,521	$10,158	12.67%	78.63%
Total (Exc. UNC-CH,HA)	$12,479	$2,337	$12,096	$315	$9,827	$68	$8,486	18.73%	96.93%

Tuition Revenue

- Each 1% increase in resident student tuition generates an estimated $3.3 million.
- Each 1% increase in nonresident student tuition generates an estimated $2.7 million.

2

Enrollment Growth

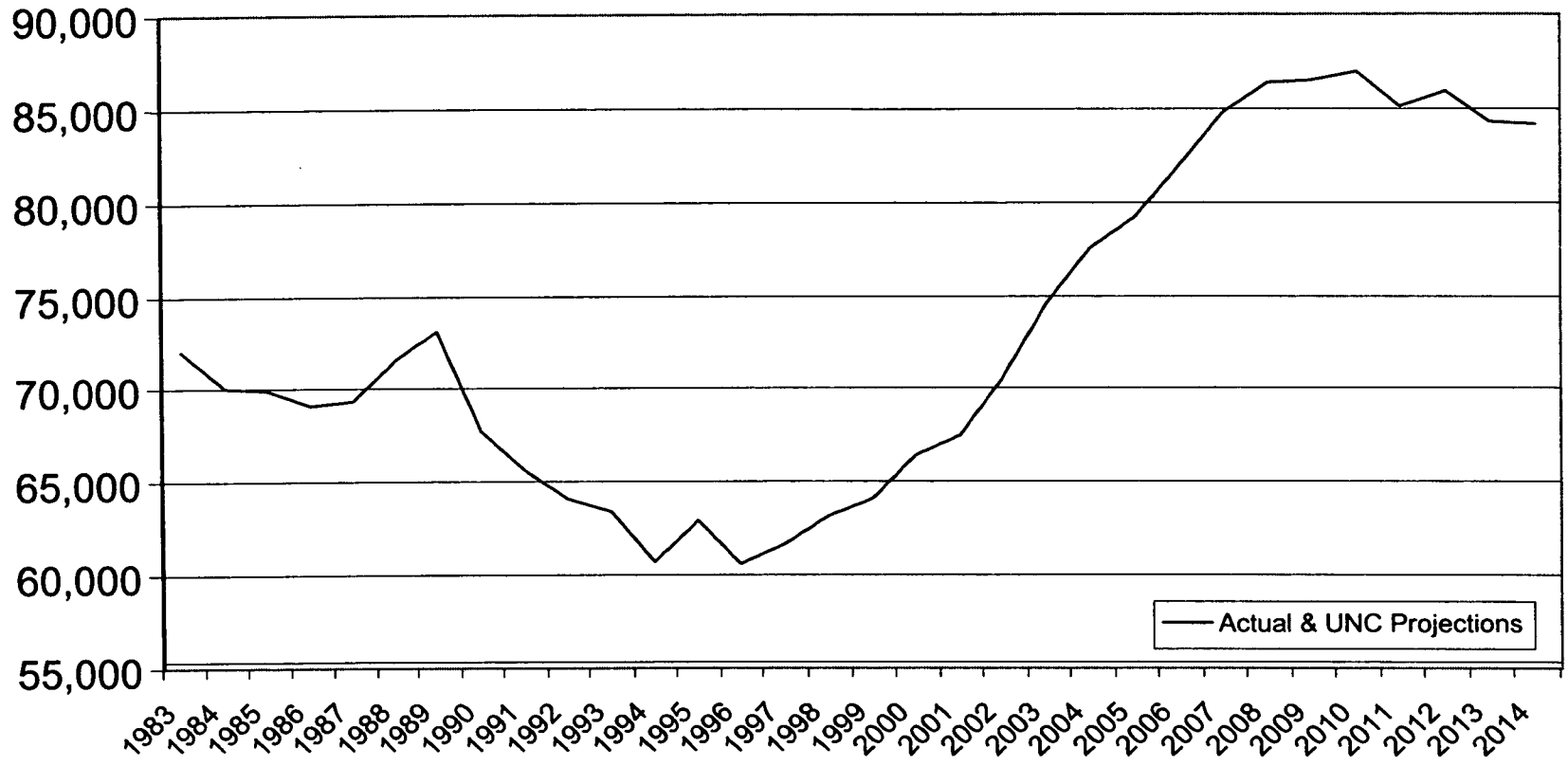


North Carolina General Assembly

Joint Legislation Appropriations Subcommittee on Education

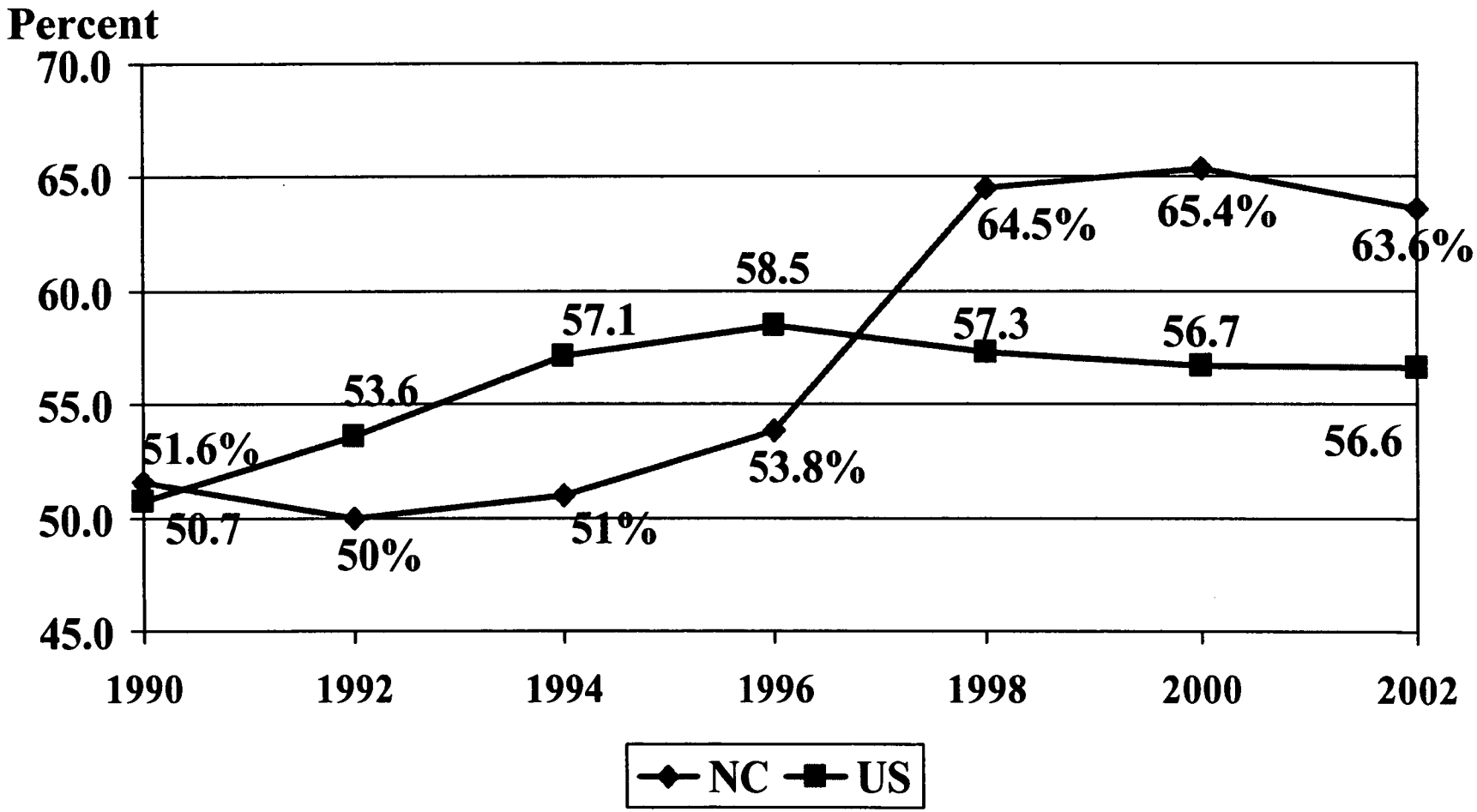
April 5, 2005

NC HIGH SCHOOL GRADUATES
1983-2003 AND PROJECTED TO 2014



Source: UNC-General Administration, N.C. Public, Private, and Special High School Graduates by Race, 1978-2003 and Projected to 2014.

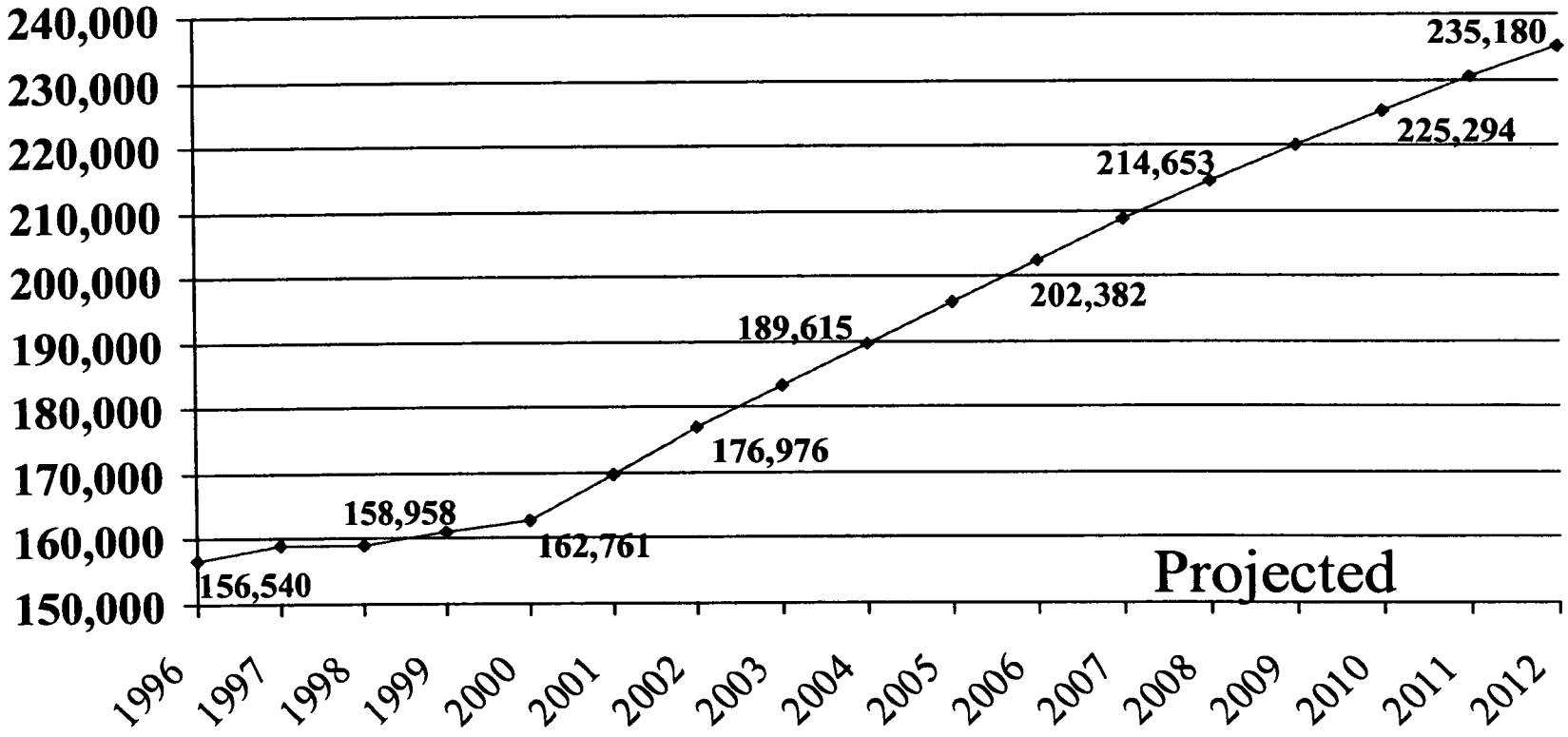
College-Going Rates Within One Year of High School Graduation



Source: National Center for Education Statistics

UNC Fall Headcount Enrollment

Actual (through 2004) and Projected



Focused Growth Campuses

- ECSU, FSU, NCCU, NCA&T, UNCP, WCU, WSSU
- 66 new degree programs from 1999 to 2004
- Appropriations
  - $28.4 million Recurring
  - $8.7 million Nonrecurring

Appendix 4

Special Legislative Funding for UNC Focused-Growth Initiatives, 1999-2005

Focused-Growth Campus		1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	Recurring Focused-Growth Funding
ECSU	Recurring Funds	774,699	1,185,074	1,465,359	2,893,931	3,036,788	3,636,788	3,636,788
	Non-Recurring	765,005	134,348	114,167	622,713	773,428	-	
	Total	1,539,704	1,319,422	1,579,526	3,516,644	3,810,216	3,636,788	
FSU	Recurring Funds	739,504	1,164,379	1,512,164	2,940,736	3,083,593	3,683,593	3,683,593
	Non-Recurring	765,258	16,848	62,168	435,933	686,429	-	
	Total	1,504,762	1,181,227	1,574,332	3,376,669	3,770,022	3,683,593	
NC A&T	Recurring Funds	1,640,070	2,012,020	2,236,805	3,665,377	3,808,234	4,408,234	4,408,234
	Non-Recurring	691,264	16,848	107,609	705,897	891,429	-	
	Total	2,331,334	2,028,868	2,344,414	4,371,274	4,699,663	4,408,234	
NCCU	Recurring Funds	1,043,741	1,323,891	1,853,676	3,282,247	3,425,105	4,025,105	4,025,105
	Non-Recurring	723,048	413,155	62,168	510,933	721,353	-	
	Total	1,766,789	1,737,046	1,915,844	3,793,180	4,146,458	4,025,105	
UNC-OP	Recurring Funds	-	-	89,914	268,097	268,097	268,097	268,097
	Non-Recurring	-	-	-	-			
	Total	-	-	89,914	268,097	268,097	268,097	
UNCP	Recurring Funds	874,985	1,258,460	1,513,745	2,942,316	3,085,173	3,685,173	3,685,173
	Non-Recurring	792,127	16,846	62,168	510,933	701,429	-	
	Total	1,667,112	1,275,306	1,575,913	3,453,249	3,786,602	3,685,173	
WCU	Recurring Funds	592,768	853,393	1,078,178	2,506,749	2,649,606	3,249,606	3,249,606
	Non-Recurring	627,756	(6,487)	114,168	635,359	825,853	-	
	Total	1,220,524	846,906	1,192,346	3,142,108	3,475,459	3,249,606	
WSSU	Recurring Funds	1,217,233	1,548,608	1,863,393	3,291,964	3,434,821	4,034,821	4,034,821
	Non-Recurring	742,426	62,246	112,168	635,934	826,428	-	
	Total	1,959,659	1,610,854	1,975,561	3,927,898	4,261,249	4,034,821	
Annual Totals	**Recurring Funds**	6,883,000	9,345,825	11,613,234	21,791,417	22,791,417	26,991,417	**26,991,417**
	Non-Recurring	5,106,884	653,804	634,616	4,057,702	5,426,349	-	-
	Total	11,989,884	9,999,629	12,247,850	25,849,119	28,217,766	26,991,417	**26,991,417**

Note: 1. Focused growth funds were subject to State of NC budget reductions from 1999 - 2005.

Plus: Nonrecurring Alloc. Reserves:	
New Program Res.	554,146
Special Needs Res.	859,239
Totals Funds 2005	$ 28,404,802

Change in Appro.	Fiscal Year	Recurring	Non-Recurring	Cumulative Recurring	Total Available
New Funding	1999-2000 Original 10M	10,000,000	2,000,000	10,000,000	12,000,000
	2000-01	-	-	10,000,000	10,000,000
	2001-02 Focused Growth Funds	1,663,409			
	2001-02 Focused Growth - New Program Development	584,441	-	12,247,850	12,247,850
	2002-03 Focused Growth Funds	10,000,000			
	2002-03 Focused Growth Funds	1,000,000	2,666,533	23,222,503	25,889,036
	2003-04	1,000,000	4,000,000	24,222,503	28,222,503
	2004-05	4,200,000		28,404,802	28,404,802
Reductions	2002-03 UNC Budget Reductions	(25,347)			
	2004-05 UNC Budget Reductions	(17,701)			
Totals		**$28,404,802**	**$8,666,533**		

Source: UNC Office of the President, Finance Division

Appendix 9

Degree Programs Established at Focused-Growth Institutions, 1999-2004

Institution	Level	Program	Date Established
ECSU	BA	Communication Studies	Mar-2002
	BS	Marine Environmental Science	Jun-2000
	BS	Aviation Science	Mar-2002
	BS	Pharmaceutical Sciences	Aug-2003
	BS	Birth-Kindergarten	Jul-2004
	BS	Graphic Design, Commercial Art and Illustration	Sep-2004
	BSW	Social Work Curriculum	Jun-2000
	MED	Elementary Education	May-1999
	MS	Biology	Aug-2003
	MS	Mathematics	Feb-2004
FSU	BA	General Music	Sep-2003
	BS	Banking and Finance	Sep-1999
	BS	Birth-Kindergarten	Oct-2002
	BS	Nursing	May-2004
	MED	Master of Education	Aug-2000
	MSW	Social Work	Jul-2002
NC A&T	BA	Liberal Studies	Sep-2003
	BS	Journalism and Mass Communication	Aug-2002
	BS	Criminal Justice	Nov-2002
	BS	Computer Engineering	Sep-2004
	MS	Civil Engineering	Jan-1999
	MS	Management	Oct-2000
	MS	Computational Science and Engineering	Jul-2004
	MSA	School Administration	May-2002
	PhD	Industrial Engineering	Aug-1999
	PhD	Energy and Environmental Studies	Nov-2004
	PhD	Leadership Studies	Nov-2004
NCCU	BA	Mass Communications	Aug-2003
	BS	Computer Information Systems	Aug-2003
	MAT	Master of Arts in Teaching (Spec. Ed.)	May-2000
	MED	Curriculum and Instruction (Elem & M. Grades)	Jul-2000
	MSA	School Administration	May-2002
UNCP	BA	Spanish	Sep-2003
	BS	Applied Physics	Sep-1999
	BS	Environmental Science/Studies	Mar-2004
	BSN	Nursing	Sep-2004
	MA	History: Social Studies Education	Jan-1999
	MA	Art Education	Nov-1999
	MA	Physical Education	Jan-2000
	MA	Science Education	Nov-2000
	MA	Music Education	Aug-2003
	MAT	Master of Arts in Teaching	May-2004
	MSA	Elementary Education (K-6)	Jul-2002
WCU	BM	Music	May-2001
	BS	Telecommunications Engineering Technology	May-2001
	BS	Construction Management	Mar-2002
	BS	Environmental Science	Jul-2002
	BS	Emergency Management	Jan-2003
	BS	Athletic Training Sports Medicine	Sep-2003
	BS	Electrical Engineering (Jt. w/UNCC)	Jan-2004
	BSBA	Entrepreneurship	Sep-2000
	MAED	Two-Year College Teaching: Multidisciplinary Studies	Aug-2002
	MCM	Construction Management	Oct-2004
	MED	Community Counseling	Oct-2002
	MSW	Social Work	Sep-2004
WSSU	BA	Gerontology	Mar-2000
	BS	Exercise Science	Nov-2001
	BS	Rehabilitation Counseling	Nov-2002
	BS	Biotechnology	Sep-2004
	BSW	Social Work	Aug-2003
	MBA	Business Administration	Mar-2002
	MED	Elementary Education	Jan-2000
	MPT	Physical Therapy	Jun-1999
	MS	Computer Science and Information Technology	May-2002
	MS	Rehabilitation Counseling	Nov-2003
	MSN	Nursing	Aug-2002

Source: UNC Office of the President, Academic Affairs Division

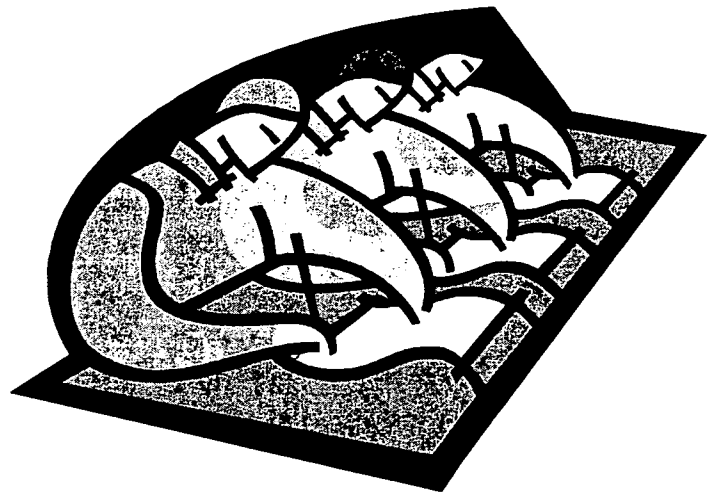
Headcount Enrollment Growth, 1999-2004

UNC Overall vs. Focused-Growth Institutions

	Fall 1999	Fall 2004	Increase	% Increase
ECSU	1,966	2,470	504	25.6%
FSU	4,879	5,441	562	11.5%
NC A&T	7,603	10,383	2,780	36.6%
NCCU	5,595	7,727	2,132	38.1%
UNCP	3,062	5,027	1,965	64.2%
WCU	6,580	8,396	1,816	27.6%
WSSU	2,787	4,805	2,018	72.4%
TOTAL FG	**32,472**	**44,249**	**11,777**	**36.3%**
UNC	160,986	189,615	28,629	17.8%

SOURCE: UNC Office of the President

UNC ENROLLMENT CHANGE FUNDING MODEL

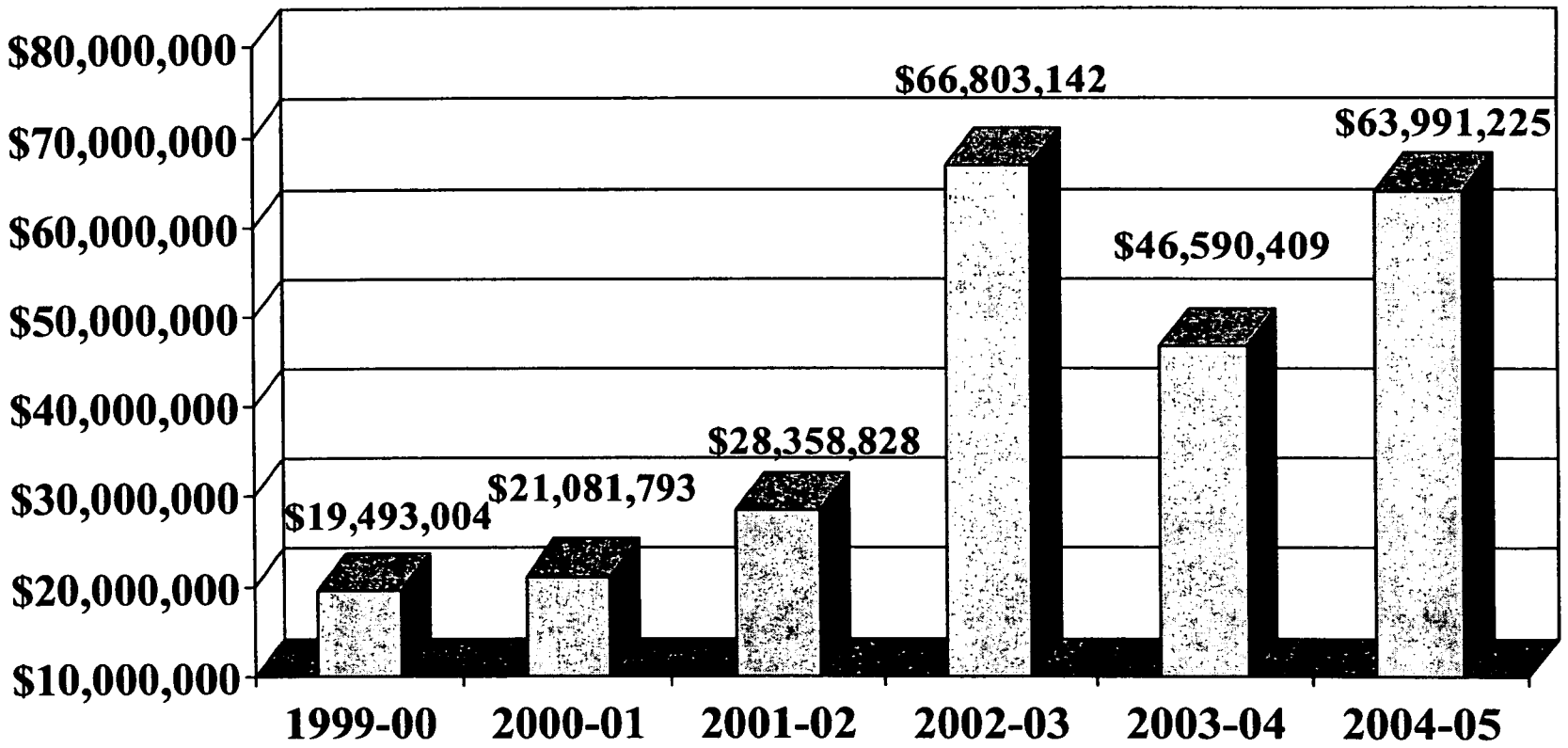


North Carolina General Assembly

Joint Legislation Appropriations Subcommittee on Education

April 5, 2005

Enrollment Growth Funding



Development of Model

- In 1995, General Assembly directed the Board of Governors to study funding on the basis of student credit hours.
- During 1997 and 1998, a funding model was developed
- 1998 Session, the new model was used

Model Exclusions

- The model does NOT project enrollment cost for
  - Medicine (ECU & UNC-CH)
  - Dentistry (UNC-CH)
  - Pharmacy (UNC-CH)
  - Veterinary Medicine (NCSU)
  - Law (NCCU & UNC-CH)
  - NC School of the Arts

SCH-Change Funding Model
Regular Term: 2005-06 Request for Enrollment Change

Campus: **ASU**

Program Category	Student Credit Hours			SCH per Instructional Position			Instructional Positions Required		
	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral
Categ. I	4,674	370	0	643.72	171.44	138.41	7.261	2.158	0.000
Categ. II	-2	-732	53	487.37	249.94	146.74	-0.004	-2.929	0.361
Categ. III	-310	129	0	364.88	160.93	122.95	-0.850	0.802	0.000
Categ. IV	0	0	0	230.52	102.45	70.71	0.000	0.000	0.000
	4,362	-233	53				6.407	0.031	6.799
	104.3%	-5.6%	1.3%				Campus UGr Cost Factor	10.0%	0.680
			4,182				**Total Positions Required**		**7.479**

Calculation of Appropriation Request

Requirements Generated by SCH Model				$1,147,830
Tuition Revenue:				
In-State U/G FTEs	230	1,821	418,830	
Out-of-State U/G FTEs	(105)	11,263	(1,182,615)	
In-State Grad FTEs	(275)	1,893	(520,575)	
Out-of-State Grad FTEs	3	11,476	34,428	
Total Expected Revenue				(1,249,932)
Request Amount				***$2,397,762***

Instructional Salary Rate of Campus		$63,984
Instructional Salary Amount		$478,561
Other Academic Costs	44.89%	214,848
Total Academic Requirements		**$693,409**
Library Rate	11.48%	
Library Amount		$79,635
Gen'l Instit. Support Rate	54.05%	
Gen'l Instit. Support Amount		$374,786
Total Requirements at ASU		**$1,147,830**

SCH-Change Funding Model
Regular Term: 2005-06 Request for Enrollment Change

Campus: **ASU**

Program Category	Student Credit Hours			SCH per Instructional Position			Instructional Positions Required		
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Categ. IV	0	0	0	230.52	102.45	70.71	0.000	0.000	0.000
	4,362	-233	53				6.407	0.031	6.799
	104.3%	-5.6%	1.3%				Campus UGr Cost Factor	10.0%	0.680
			4,182				**Total Positions Required**		**7.479**

Calculation of Appropriation Request

Requirements Generated by SCH Model				$1,147,830	Instructional Salary Rate of Campus		$63,984
Tuition Revenue:					Instructional Salary Amount		$478,561
In-State U/G FTEs	230	1,821	418,830		Other Academic Costs	44.89%	214,848
Out-of-State U/G FTEs	(105)	11,263	(1,182,615)		**Total Academic Requirements**		**$693,409**
In-State Grad FTEs	(275)	1,893	(520,575)				
Out-of-State Grad FTEs	3	11,476	34,428				
					Library Rate	11.48%	
Total Expected Revenue				(1,249,932)	Library Amount		$79,635
Request Amount				***$2,397,762***	Gen'l Instit. Support Rate	54.05%	
					Gen'l Instit. Support Amount		$374,786
					Total Requirements at ASU		**$1,147,830**

Program Categories

Category I

- English, Math, Religion, Psychology, Public Administration, History, Liberal Arts

Category II

- Education, Foreign Languages, Business Management, Biological Science/Life Sciences

Program Categories

Category III

- Agricultural Sciences, Architecture, Library Science, Physical Sciences, Nursing, Computer Science

Category IV

- Engineering

Chapter 4
Instructional Areas and Levels

Instructional Areas

The SCH enrollment change formula groups instruction into four broad instructional areas. These areas are based on the relative cost to offer instruction in the disciplines offered by UNC campuses. The disciplines included in each of the four instructional areas are shown in Exhibit 4-1 below.

EXHIBIT 4-1
AREAS OF INSTRUCTION

	CIP	Description
Category I - least money	23	English Lang. & Lit.
	24	Liberal Arts and Sciences
	27	Mathematics
	29	Military Technologies
	30	Multi/Interdisciplinary Studies
	38	Phil. & Religion
	39	Theological Studies
	42	Psychology
	43	Protective Services
	44	Public Admin. & Services
	45	Social Sciences & History
	90	Other
Category II -	05	Area Studies
	08	Marketing Operations
	09	Communications
	13	Education
	16	Foreign Lang. & Lit.
	19	Home Economics
	22	Law & Legal Studies
	26	Biological Sc./Life Sc.
	31	Parks, Rec., Leisure & Fitness Studies
	52	Business Mgmt. & Admin. Serv.
Category III -	01	Agric. Bus. & Production
	02	Agricultural Sciences
	03	Conservation & Renew. Nat. Res.
	04	Architecture & Related Programs
	11	Computer & Info. Sciences
	15	Engineering-related Tech.
	25	Library Science
	40	Physical Sciences
	41	Science Technologies
	50	Visual and Performing Arts
	66	Nursing
most money	51	Health Prof. Residual (Allied Health)
Category IV -	14	Engineering

Assignments of individual disciplines to one of the four areas of instruction were based on analysis of national instructional cost data. The principal reference source was the annual "National Study of Instructional Costs and Productivity by Academic Discipline," conducted by Michael Middaugh at the University of Delaware. This report

SCH-Change Funding Model
Regular Term: 2005-06 Request for Enrollment Change

Campus: **ASU**

Program Category	[redacted]	SCH per Instructional Position			Instructional Positions Required		
		Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral
Categ. I		643.72	171.44	138.41	7.261	2.158	0.000
Categ. II		487.37	249.94	146.74	-0.004	-2.929	0.361
Categ. III		364.88	160.93	122.95	-0.850	0.802	0.000
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	4,362	-233	53		6.407	0.031	6.799
	104.3%	-5.6%	1.3%		Campus UGr Cost Factor	10.0%	0.680
			4,182		**Total Positions Required**		**7.479**
Calculation of Appropriation Request					Instructional Salary Rate of Campus		$63,984
Requirements Generated by SCH Model				$1,147,830	Instructional Salary Amount		$478,561
Tuition Revenue:					Other Academic Costs	44.89%	214,848
In-State U/G FTEs	230	1,821	418,830				
Out-of-State U/G FTEs	(105)	11,263	(1,182,615)		**Total Academic Requirements**		**$693,409**
In-State Grad FTEs	(275)	1,893	(520,575)				
Out-of-State Grad FTEs	3	11,476	34,428				
					Library Rate	11.48%	
Total Expected Revenue				(1,249,932)	Library Amount		$79,635
Request Amount				***$2,397,762***	Gen'l Instit. Support Rate	54.05%	
					Gen'l Instit. Support Amount		$374,786
					Total Requirements at ASU		**$1,147,830**

Student Credit Hours

Will Fund

- Regular term degree credit instruction delivered on campus
- Distance education degree credit delivered to NC residents regardless of location and nonresidents within NC
- Remedial instruction
- Degree credit instruction to military personnel stationed in NC and to co-habiting dependents

Student Credit Hours

Will Not Fund

- Non degree creditable instruction
- Instruction to students auditing courses
- Transfer credit
- Distance education delivered outside NC to nonresidents
- AP, IB, CLEP credits
- Summer school

Chapter 3
Summary of Student Credit Hours Funding Criteria

In general, student credit hours (SCHs) are fundable under the SCH model if they are derived from degree creditable instruction in the regular term or via distance learning instruction; SCHs are deemed non-fundable under the SCH model if they are funded via other state appropriations or tuition set to cover the full cost of instruction, or if the SCHs represent non-credit instruction. Please refer to Appendices B and F for detailed descriptions of fundability for specific circumstances; and refer to "Reporting Courseload Data" for detailed reporting requirements.

SCHs deemed fundable by one criterion may be found ineligible based on other criteria. SCHs must meet all criteria for funding to be fundable, and may be deemed non-fundable based on failure to meet one or multiple criteria.

General Criteria for Fundability under the SCH Model

- Degree-creditable instruction OR remedial instruction offered by a UNC institution
- Delivered in the regular term OR as distance education
- Delivered to NC resident students within or outside NC OR delivered to non-resident students within NC

Lists of fundable and non-fundable SCHs are outlined below. In some cases, a general description of the type of instruction related to the SCHs is presented; in others, more specific guidance is given. As cited above, refer to the narrative Appendix B and the chart Appendix F for full details regarding the specific SCHs, their fundability, tuition treatment, and related issues.

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General List of Fundable SCHs

- Regular term degree credit instruction delivered on campus or at off-campus resident credit centers
- Distance education degree credit instruction delivered to NC resident students, regardless of location
- Distance education degree credit instruction delivered to non-resident students within NC
- Remedial instruction offered by a UNC institution
- Thesis or dissertation only hours (see Appendix G)
- Repeated courses
- Degree credit instruction offered through inter-institutional consortia (see Appendix F)
- Degree credit instruction offered via electronic delivery (see Appendix F)
- Degree credit instruction delivered on campus during the regular term to students who are members of active duty military personnel stationed in NC (see Appendix H)
- Degree credit instruction for which the military pays NO part of the tuition delivered off-campus to students who are active duty military personnel stationed in NC (see Appendix H)
- Degree credit instruction delivered on- or off-campus to co-habiting dependents of active duty military personnel
- Instruction delivered in Nursing, Allied Health, and Public Health
- Instruction delivered to students enrolled in NCSU's Agricultural Institute
- Instruction delivered to students claiming the age 65+ tuition waiver
- Instruction delivered to students claiming the nonresident special talent tuition waiver
- Instruction delivered to students claiming the nonresident North Carolina teachers tuition waiver

- Instruction delivered to students claiming the nonresident graduate assistants tuition waiver
- Instruction generated via balanced one-to-one foreign exchange programs in which the foreign student attends a UNC institution and pays tuition to the foreign institution (see Appendix F)
- Certain study abroad program SCHs (see Appendix F)
- Instruction to university employees where employee tuition waiver is NOT claimed (see Appendix F)

List of Non-Fundable SCHs

- Non-degree-credit instruction
- Certain instruction offered below the baccalaureate level (see Appendix F)
- Instruction to students auditing courses
- Instruction for zero-credit hours
- Instruction generating continuing education units (CEU's)
- On-campus instruction delivered during the summer term
- Distance education delivered outside NC to non-resident students
- Instruction to university employees where employee tuition waiver is claimed
- Transfer credit
- Credit by examination
- Advanced Placement credit
- International Baccalaureate credit
- College Level Entrance Placement credit
- College credit instruction delivered to high school students (at high school by high school teachers)
- Instruction delivered by the North Carolina School of the Arts
- Instruction delivered in the following professional programs: Medicine, Veterinary Medicine, Dentistry, Pharmacy and Law (JD)
- Instruction via the UNC-CH Independent Studies program (correspondence)
- Instruction delivered by FSU related to the Fort Bragg Associate degree program
- Instruction which is funded via other state appropriations
- Instruction which is funded via a contractual agreement
- Instruction delivered off-campus to non-resident students who are active duty military personnel stationed in NC when the military pays any portion of the tuition (see Appendix H)
- Executive MBA program at UNC-CH
- Instruction delivered via certain Study Abroad programs (see Appendix F)
- Instruction delivered via balanced one-to-one foreign exchange programs where the UNC student pays UNC tuition but attends a foreign institution (see Appendix F)
- Transatlantic Program (see Appendix F)
- Instruction delivered under a program for which customized tuition is charged
- Instruction delivered as part of a pilot site program (see Appendices F and I)
- SCHs delivered through the Math Science network

Instructional Level

- Levels are Undergraduate, Master's and Doctoral
- Level designation based on course level, not student level
- Campus officials and Office of the President determine level of courses

SCH-Change Funding Model
Regular Term: 2005-06 Request for Enrollment Change

Campus: **ASU**

Program Category	Student Credit Hours			SCH per Instructional Position			Instructional Positions Required		
	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral
Categ. I	4,674	370	0	643.72	171.44	138.41	7.261	2.158	0.000
Categ. II	-2	-732	53	487.37	249.94	146.74	-0.004	-2.929	0.361
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Categ. IV	0	0	0	230.52	102.45	70.71	0.000	0.000	0.000
	4,362	-233	53				6.407	0.031	6.799
	104.3%	-5.6%	1.3%				Campus UGr Cost Factor	10.0%	0.680
			4,182				**Total Positions Required**		**7.479**

Calculation of Appropriation Request

Requirements Generated by SCH Model				$1,147,830	Instructional Salary Rate of Campus	$63,984
Tuition Revenue:					Instructional Salary Amount	$478,561
In-State U/G FTEs	230	1,821	418,830		Other Academic Costs 44.89%	214,848
Out-of-State U/G FTEs	(105)	11,263	(1,182,615)		**Total Academic Requirements**	**$693,409**
In-State Grad FTEs	(275)	1,893	(520,575)			
Out-of-State Grad FTEs	3	11,476	34,428			
					Library Rate 11.48%	
Total Expected Revenue				(1,249,932)	Library Amount	$79,635
Request Amount				***$2,397,762***	Gen'l Instit. Support Rate 54.05%	
					Gen'l Instit. Support Amount	$374,786
					Total Requirements at ASU	**$1,147,830**

Students Per Instructor

- Undergraduate (Assume 24 credit hours/year per student)

Category I:	26.8 to 1
Category II:	20.3 to 1
Category III:	15.2 to 1
Category IV:	9.6 to 1

- Masters (Assume 20 credit hours/year per student)

Category I:	8.6 to 1
Category II:	12.5 to 1
Category III:	8 to 1
Category IV:	5.1 to 1

Students Per Instructor

- Doctoral (Assume 20 credit hours/year per student)

Category I:	6.9 to 1
Category II:	7.3 to 1
Category III:	6.1 to 1
Category IV:	3.5 to 1

SCH-Change Funding Model
Regular Term: 2005-06 Request for Enrollment Change

Campus: **ASU**

Program Category	Student Credit Hours			SCH per Instructional Position			Instructional Positions Required		
	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral
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Library Amount		$79,635
Gen'l Instit. Support Rate	54.05%	
Gen'l Instit. Support Amount		$374,786
Total Requirements at ASU		**$1,147,830**

Undergraduate Cost Factors

- Disadvantaged student populations = 5% premium
- Non-doctoral institution = 10% premium
- Diseconomies of scale experienced by small institutions = 5% premium
- Special mission as a public liberal arts institution for undergraduates= 10% premium
- Does not apply to Distance Education hours

Disadvantaged Students

- Criteria: More than one third of the resident undergraduate students are Pell Grant recipients
- Qualifying institutions:

  ECSU, FSU, NCCU, NC A&T, UNC-P, and WSSU

Non-Doctoral Institution

- Criteria: Must have non-doctoral institutional mission

- Qualifying Institutions:

  ASU, ECSU, FSU, NCCU, UNC-A, UNC-P, UNC-W, WCU, and WSSU

Diseconomies of Scale

- Criteria: Enrollment threshold of 6,000 students (headcount)
- Qualifying Institutions:

  ECSU, FSU, UNC-A, UNC-P, and WSSU

Liberal Arts Mission

- Criteria: Granted special distinction of being public liberal arts college; maintain lower student to faculty ratios

- Qualifying Institution:

  UNC-A

Undergraduate Cost Factors

Institution	Public Liberal Arts College Mission 10% Factor	Non-doctoral Institution 10% Factor	Diseconomies of Scale 5% Factor	Service to Disadvantaged Students 5% Factor	Total Cost Factors
ASU		X			10%
ECU					
ECSU		X	X	X	20%
FSU		X	X	X	20%
NC A&T				X	5%
NCCU		X		X	15%
NCSU					
UNC-A	X	X	X		25%
UNC-CH					
UNC-C					
UNC-G					
UNC-P		X	X	X	20%
UNC-W		X			10%
WCU		X			10%
WSSU		X	X	X	20%

Source: UNC General Administration

SCH-Change Funding Model
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Categ. IV	0	0	0	230.52	102.45	70.71	0.000	0.000	0.000
	4,362	-233	53				6.407	0.031	6.799
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Tuition Revenue:				
In-State U/G FTEs	230	1,821	418,830	
Out-of-State U/G FTEs	(105)	11,263	(1,182,615)	
In-State Grad FTEs	(275)	1,893	(520,575)	
Out-of-State Grad FTEs	3	11,476	34,428	
Total Expected Revenue				(1,249,932)
Request Amount				***$2,397,762***

Instructional Salary Rate of Campus		$63,984
Instructional Salary Amount		$478,561
Other Academic Costs	44.89%	214,848
Total Academic Requirements		**$693,409**
Library Rate	11.48%	
Library Amount		$79,635
Gen'l Instit. Support Rate	54.05%	
Gen'l Instit. Support Amount		$374,786
Total Requirements at ASU		**$1,147,830**

Instructional Salary Rate

- Average salary calculated for each institution based on General Fund budgeted salaries
- Use Carnegie classification of institution as reference point

SCH-Change Funding Model
Regular Term: 2005-06 Request for Enrollment Change

Campus: **ASU**

Program Category	Student Credit Hours			SCH per Instructional Position			Instructional Positions Required		
	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral
Categ. I	4,674	370	0	643.72	171.44	138.41	7.261	2.158	0.000
Categ. II	-2	-732	53	487.37	249.94	146.74	-0.004	-2.929	0.361
Categ. III	-310	129	0	364.88	160.93	122.95	-0.850	0.802	0.000
Categ. IV	0	0	0	230.52	102.45	70.71	0.000	0.000	0.000
	4,362	-233	53				6.407	0.031	6.799
	104.3%	-5.6%	1.3%				Campus UGr Cost Factor	10.0%	0.680
			4,182				**Total Positions Required**		**7.479**

Calculation of Appropriation Request

Requirements Generated by SCH Model			$1,147,830	Instructional Salary Rate of Campus	$63,984
Tuition Revenue:				Instructional Salary Amount	$478,561
In-State U/G FTEs	230	1,821	418,830	Other Academic Costs 44.89%	214,848
Out-of-State U/G FTEs	(105)	11,263	(1,182,615)	**Total Academic Requirements**	**$693,409**
In-State Grad FTEs	(275)	1,893	(520,575)		
Out-of-State Grad FTEs	3	11,476	34,428		
				Library Rate 11.48%	
Total Expected Revenue			(1,249,932)	Library Amount	$79,635
Request Amount			***$2,397,762***	Gen'l Instit. Support Rate 54.05%	
				Gen'l Instit. Support Amount	$374,786
				Total Requirements at ASU	**$1,147,830**

Other Academic Cost

- 44.89% x instructional salaries
- Includes
  - Fringe benefits for instructors
  - Clerical personnel, lab supervisors
  - Office operating expenses
  - Travel
- Instructional salaries + other academic cost = total academic requirements

SCH-Change Funding Model
Regular Term: 2005-06 Request for Enrollment Change

Campus: **ASU**

Program Category	Student Credit Hours			SCH per Instructional Position			Instructional Positions Required		
	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral
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	104.3%	-5.6%	1.3%				Campus UGr Cost Factor	10.0%	0.680
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Calculation of Appropriation Request

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Request Amount			***$2,397,762***	Gen'l Instit. Support Rate 54.05%	
				Gen'l Instit. Support Amount	$374,786
				Total Requirements at ASU	**$1,147,830**

Library Cost

- 11.48% x Total Academic Requirements
- Can be used for additional library personnel and the acquisition of books, periodicals or on-line services

SCH-Change Funding Model
Regular Term: 2005-06 Request for Enrollment Change

Campus: **ASU**

Program Category	Student Credit Hours			SCH per Instructional Position			Instructional Positions Required		
	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral	Undergrad	Masters	Doctoral
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Categ. III	-310	129	0	364.88	160.93	122.95	-0.850	0.802	0.000
Categ. IV	0	0	0	230.52	102.45	70.71	0.000	0.000	0.000
	4,362	-233	53				6.407	0.031	6.799
	104.3%	-5.6%	1.3%				Campus UGr Cost Factor	10.0%	0.680
			4,182				**Total Positions Required**		**7.479**

Calculation of Appropriation Request

Requirements Generated by SCH Model				$1,147,830	Instructional Salary Rate of Campus	$63,984
Tuition Revenue:					Instructional Salary Amount	$478,561
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					Library Rate 11.48%	
Total Expected Revenue				(1,249,932)	Library Amount	$79,635
Request Amount				***$2,397,762***	Gen'l Instit. Support Rate 54.05%	
					Gen'l Instit. Support Amount	$374,786
					Total Requirements at ASU	**$1,147,830**

General Institutional Support

- 54.05% x Total Academic Requirements
- Can be used for academic support services, student services, institutional support, campus administration, and physical plant operations
- Not included is student aid

Appropriations Request

Total Requirements

- Tuition

= General Fund Request

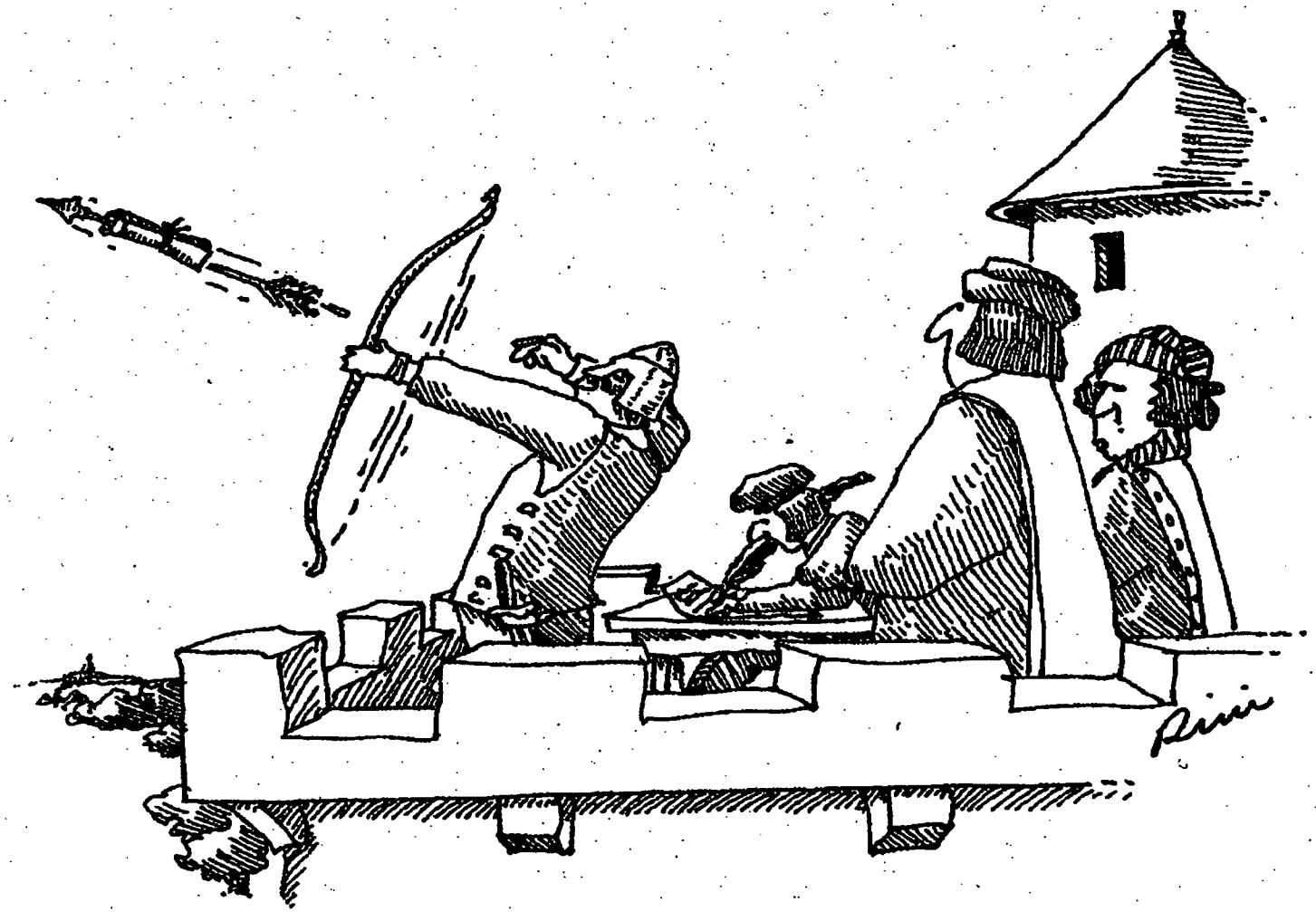
Expansion Request

- Enrollment Increase = $73.6 million
- FTE Increase

Regular Term	3,703.2	Undergrad
	283.5	Grad
Distance Ed	1,518.2	Undergrad
	1,416.9	Grad
	6,921.8	

- Position Increase

Regular Term	304.6
Distance Ed	234.8
	539.4



THE CHRONICLE OF HIGHER EDUCATION

"It's called 'distance learning.' Very trendy, but I understand that they have trouble retaining students."

FY 05-06 Enrollment Increases

	Regular Term	Distance Ed	Total	Regular Term FTE Undergrad	Regular Term FTE Grad	Distance Ed FTE Undergrad	Distance Ed FTE Grad
ASU	$2,397,762	$1,908,747	$4,306,509	147.4	(8.8)	(73.4)	229.1
ECU	$357,658	$15,566,296	$15,923,954	155.3	(5.6)	643.5	774.5
ECSU	$1,616,454	($27,332)	$1,589,122	192.2	6.7	(4.7)	0.0
FSU	$3,955,841	$57,886	$4,013,727	285.6	86.0	30.8	(23.1)
NCA&T	($1,117,176)	$1,122,560	$5,384	162.0	(28.3)	59.4	76.5
NCCU	$2,570,955	$632,120	$3,203,075	346.0	25.4	68.4	7.8
NCCU Law	$80,485		$80,485		1.0		
NCSA	$12,645		$12,645	5.0	0.0	0.0	0.0
NCSU	$3,253,567	$1,791,572	$5,045,139	(15.0)	81.1	(15.6)	73.7
NCSU Vet.	($508,125)		($508,125)	(6.0)			
UNC-A	$1,585,892	($22,009)	$1,563,883	250.1	0.0	(4.5)	0.0
UNC-CH	$4,299,115	$2,626,035	$6,925,150	192.4	(22.7)	165.9	31.1
UNC-CH Law, Med., Dental, Pharmacy	$1,988,619		$1,988,619	50.0			
UNC-C	$2,704,347	$1,266,344	$3,970,691	220.3	(47.6)	(1.0)	114.8
UNC-G	$4,398,602	$652,117	$5,050,719	489.4	62.7	63.8	25.6
UNC-P	($267,768)	$2,866,265	$2,598,497	(112.3)	33.9	376.6	22.9
UNC-W	$2,671,835	$209,043	$2,880,878	167.8	42.1	(9.5)	21.1
WCU	$7,925,461	$1,160,954	$9,086,415	783.3	0.1	113.9	62.9
WSSU	$4,662,625	$1,030,543	$5,693,168	389.7	57.5	104.6	0.0
	$42,588,794	$30,841,141	$73,429,935	3,703.2	283.5	1,518.2	1,416.9
NC Science & Math	$200,000		$200,000	10.0			
	$42,788,794	$30,841,141	$73,629,935				

Request To Change Funding Formula

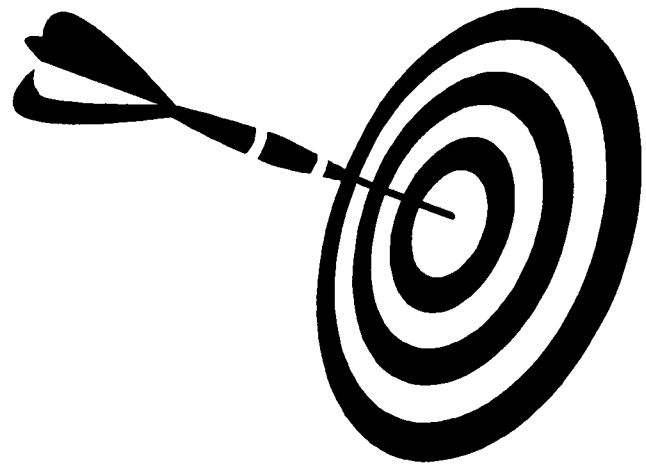
- Adjust funding for institutions funded more than one standard deviation from the mean in appropriations per FTE
- Mean Appropriation per FTE = $8,545
  - ASU = $6,933 (1.07)
  - UNCC = $6,955 (1.05)
  - UNCW = $6,339 (1.46)
- Appropriation needed to bring to mean
  - ASU = $1,384,498
  - UNCC = $1,244,978
  - UNCW = $7,013,603

Change Funding Categories

- Move Clinical Teaching Hours from Category 2 to Category 3 (cost = $3,790,205)
- Move Clinical Nursing Hours from Category 3 to Category 4 (cost = $5,048,652)
- The requested changes recognize the higher costs of providing these courses

3

TARGETED ZERO BASED BUDGETING



North Carolina General Assembly

Joint Legislation Appropriations Subcommittee on Education

April 5, 2005

NONPROFITS

- $84.1 million paid to nonprofits in 2004 according to State Auditor
- 95.5% was aid to private colleges ($80.26 million)
- 3.2% was aid to Duke and WFU med schools ($2.7 million)
- Only 5 campuses reported expenditures to nonprofits

UNC Payments to Nonprofits 2004

GRANTING AGENCY, DEPARTMENT, INSTITUTION/GRANTEE NAME	CITY	PROGRAM NAME	FY 2004 DISBURSE.
UNIVERSITY OF NORTH CAROLINA - GENERAL ADMINISTRATION:			
BARBER-SCOTIA COLLEGE	CONCORD	AID TO PRIVATE COLLEGES	$447,150
BARTON COLLEGE	WILSON	AID TO PRIVATE COLLEGES	$807,400
BELMONT ABBEY COLLEGE	BELMONT	AID TO PRIVATE COLLEGES	$518,375
BENNETT COLLEGE	GREENSBORO	AID TO PRIVATE COLLEGES	$135,300
BREVARD COLLEGE	BREVARD	AID TO PRIVATE COLLEGES	$283,525
CABARRUS COLLEGE OF HEALTH SCIENCES	CONCORD	AID TO PRIVATE COLLEGES	$235,400
CAMPBELL UNIVERSITY	BUIES CREEK	AID TO PRIVATE COLLEGES	$3,745,775
CATAWBA COLLEGE	SALISBURY	AID TO PRIVATE COLLEGES	$1,073,050
CHOWAN COLLEGE	MURFREESBORO	AID TO PRIVATE COLLEGES	$389,125
DAVIDSON COLLEGE	DAVIDSON	AID TO PRIVATE COLLEGES	$347,600
DUKE UNIVERSITY	DURHAM	AID TO PRIVATE COLLEGES	$908,600
ELON UNIVERSITY	ELON	AID TO PRIVATE COLLEGES	$1,318,075
GARDNER-WEBB UNIVERSITY	BOILING SPRINGS	AID TO PRIVATE COLLEGES	$1,985,775
GREENSBORO COLLEGE	GREENSBORO	AID TO PRIVATE COLLEGES	$696,025
GUILFORD COLLEGE	GREENSBORO	AID TO PRIVATE COLLEGES	$1,125,575
HIGH POINT UNIVERSITY	HIGH POINT	AID TO PRIVATE COLLEGES	$1,650,550
JOHNSON C SMITH UNIVERSITY, INC.	CHARLOTTE	AID TO PRIVATE COLLEGES	$415,525
LEES-MCRAE COLLEGE	BANNER ELK	AID TO PRIVATE COLLEGES	$647,525
LENOIR-RHYNE COLLEGE	HICKORY	AID TO PRIVATE COLLEGES	$1,067,275
LIVINGSTONE COLLEGE	SALISBURY	AID TO PRIVATE COLLEGES	$608,850
LOUISBURG COLLEGE	LOUISBURG	AID TO PRIVATE COLLEGES	$411,950
MARS HILL COLLEGE, INC.	MARS HILL	AID TO PRIVATE COLLEGES	$887,425
MEREDITH COLLEGE	RALEIGH	AID TO PRIVATE COLLEGES	$1,594,450
METHODIST COLLEGE	FAYETTEVILLE	AID TO PRIVATE COLLEGES	$1,207,450
MONTREAT COLLEGE	MONTREAT	AID TO PRIVATE COLLEGES	$748,275
MOUNT OLIVE COLLEGE	MOUNT OLIVE	AID TO PRIVATE COLLEGES	$1,834,525
NORTH CAROLINA WESLEYAN COLLEGE	ROCKY MOUNT	AID TO PRIVATE COLLEGES	$1,273,525

GRANTING AGENCY, DEPARTMENT, INSTITUTION/GRANTEE NAME	CITY	PROGRAM NAME	FY 2004 DISBURSE.
UNIVERSITY OF NORTH CAROLINA - GENERAL ADMINISTRATION:			
PEACE COLLEGE	RALEIGH	AID TO PRIVATE COLLEGES	$644,875
PFEIFFER UNIVERSITY	MISENHEIMER	AID TO PRIVATE COLLEGES	$850,850
QUEENS UNIVERSITY OF CHARLOTTE	CHARLOTTE	AID TO PRIVATE COLLEGES	$450,725
SAINT AUGUSTINE'S COLLEGE	RALEIGH	AID TO PRIVATE COLLEGES	$763,950
SALEM COLLEGE	WINSTON-SALEM	AID TO PRIVATE COLLEGES	$549,450
SHAW UNIVERSITY	RALEIGH	AID TO PRIVATE COLLEGES	$1,767,975
ST. ANDREWS PRESBYTERIAN COLLEGE	LAURINBURG	AID TO PRIVATE COLLEGES	$353,650
WAKE FOREST UNIVERSITY	WINSTON SALEM	AID TO PRIVATE COLLEGES	$1,194,325
WARREN WILSON COLLEGE	ASHEVILLE	AID TO PRIVATE COLLEGES	$140,800
WINGATE UNIVERSITY	WINGATE	AID TO PRIVATE COLLEGES	$813,450
BARBER-SCOTIA COLLEGE	CONCORD	LEGISLATIVE TUITION GRANT	$624,600
BARTON COLLEGE	WILSON	LEGISLATIVE TUITION GRANT	$1,146,150
BELMONT ABBEY COLLEGE	BELMONT	LEGISLATIVE TUITION GRANT	$709,881
BENNETT COLLEGE	GREENSBORO	LEGISLATIVE TUITION GRANT	$215,100
BREVARD COLLEGE	BREVARD	LEGISLATIVE TUITION GRANT	$436,275
CABARRUS COLLEGE OF HEALTH SCIENCES	CONCORD	LEGISLATIVE TUITION GRANT	$252,900
CAMPBELL UNIVERSITY	BUIES CREEK	LEGISLATIVE TUITION GRANT	$4,401,187
CATAWBA COLLEGE	SALISBURY	LEGISLATIVE TUITION GRANT	$1,623,600
CHOWAN COLLEGE	MURFREESBORO	LEGISLATIVE TUITION GRANT	$583,695
DAVIDSON COLLEGE	DAVIDSON	LEGISLATIVE TUITION GRANT	$556,200
DUKE UNIVERSITY	DURHAM	LEGISLATIVE TUITION GRANT	$1,469,475
ELON UNIVERSITY	ELON	LEGISLATIVE TUITION GRANT	$2,077,489
GARDNER-WEBB UNIVERSITY	BOILING SPRINGS	LEGISLATIVE TUITION GRANT	$2,651,164
GREENSBORO COLLEGE	GREENSBORO	LEGISLATIVE TUITION GRANT	$1,042,200
GUILFORD COLLEGE	GREENSBORO	LEGISLATIVE TUITION GRANT	$1,616,112
HIGH POINT UNIVERSITY	HIGH POINT	LEGISLATIVE TUITION GRANT	$2,356,200
JOHNSON C SMITH UNIVERSITY, INC.	CHARLOTTE	LEGISLATIVE TUITION GRANT	$634,500
LEES-MCRAE COLLEGE	BANNER ELK	LEGISLATIVE TUITION GRANT	$840,600
LENOIR-RHYNE COLLEGE	HICKORY	LEGISLATIVE TUITION GRANT	$1,493,325

GRANTING AGENCY, DEPARTMENT, INSTITUTION/GRANTEE NAME	CITY	PROGRAM NAME	FY 2004 DISBURSE.
UNIVERSITY OF NORTH CAROLINA - GENERAL ADMINISTRATION:			
LIVINGSTONE COLLEGE	SALISBURY	LEGISLATIVE TUITION GRANT	$956,700
LOUISBURG COLLEGE	LOUISBURG	LEGISLATIVE TUITION GRANT	$653,400
MARS HILL COLLEGE, INC.	MARS HILL	LEGISLATIVE TUITION GRANT	$1,310,669
MEREDITH COLLEGE	RALEIGH	LEGISLATIVE TUITION GRANT	$2,248,425
METHODIST COLLEGE	FAYETTEVILLE	LEGISLATIVE TUITION GRANT	$157,380
MONTREAT COLLEGE	MONTREAT	LEGISLATIVE TUITION GRANT	$1,141,200
MOUNT OLIVE COLLEGE	MOUNT OLIVE	LEGISLATIVE TUITION GRANT	$2,470,800
NORTH CAROLINA WESLEYAN COLLEGE	ROCKY MOUNT	LEGISLATIVE TUITION GRANT	$1,658,150
PEACE COLLEGE	RALEIGH	LEGISLATIVE TUITION GRANT	$1,006,425
PFEIFFER UNIVERSITY	MISENHEIMER	LEGISLATIVE TUITION GRANT	$1,252,075
QUEENS UNIVERSITY OF CHARLOTTE	CHARLOTTE	LEGISLATIVE TUITION GRANT	$601,438
SAINT AUGUSTINE'S COLLEGE	RALEIGH	LEGISLATIVE TUITION GRANT	$1,158,525
SALEM COLLEGE	WINSTON-SALEM	LEGISLATIVE TUITION GRANT	$784,800
SHAW UNIVERSITY	RALEIGH	LEGISLATIVE TUITION GRANT	$2,540,700
ST. ANDREWS PRESBYTERIAN COLLEGE	LAURINBURG	LEGISLATIVE TUITION GRANT	$522,900
WAKE FOREST UNIVERSITY	WINSTON SALEM	LEGISLATIVE TUITION GRANT	$1,908,900
WARREN WILSON COLLEGE	ASHEVILLE	LEGISLATIVE TUITION GRANT	$21,938
WINGATE UNIVERSITY	WINGATE	LEGISLATIVE TUITION GRANT	$1,240,875
DUKE UNIVERSITY	DURHAM	MEDICAL SCHOLARSHIPS	$162,227
WAKE FOREST UNIVERSITY	WINSTON SALEM	MEDICAL SCHOLARSHIPS	$843,788
SALEM COLLEGE	WINSTON-SALEM	MODEL CLINICAL TEACHING FUNDS	$26,032
WAKE FOREST UNIVERSITY	WINSTON SALEM	MODEL CLINICAL TEACHING FUNDS	$37,603
LENOIR-RHYNE COLLEGE	HICKORY	NC TEACH	$10,000
DUKE UNIVERSITY	DURHAM	PRIVATE MEDICAL SCHOLARSHIP AID	$300,000
WAKE FOREST UNIVERSITY	WINSTON SALEM	PRIVATE MEDICAL SCHOLARSHIP AID	$1,424,000
BARTON COLLEGE	WILSON	TEACHER ASSISTANCE SCHOLARSHIPS	$22,400
BELMONT ABBEY COLLEGE	BELMONT	TEACHER ASSISTANCE SCHOLARSHIPS	$16,000
GARDNER-WEBB UNIVERSITY	BOILING SPRINGS	TEACHER ASSISTANCE SCHOLARSHIPS	$14,400
GREENSBORO COLLEGE	GREENSBORO	TEACHER ASSISTANCE SCHOLARSHIPS	$17,600

GRANTING AGENCY, DEPARTMENT, INSTITUTION/GRANTEE NAME	CITY	PROGRAM NAME	FY 2004 DISBURSE.
UNIVERSITY OF NORTH CAROLINA - GENERAL ADMINISTRATION:			
GUILFORD COLLEGE	GREENSBORO	TEACHER ASSISTANCE SCHOLARSHIPS	$20,800
HIGH POINT UNIVERSITY	HIGH POINT	TEACHER ASSISTANCE SCHOLARSHIPS	$40,000
LEES-MCRAE COLLEGE	BANNER ELK	TEACHER ASSISTANCE SCHOLARSHIPS	$25,600
LENOIR-RHYNE COLLEGE	HICKORY	TEACHER ASSISTANCE SCHOLARSHIPS	$3,200
MARS HILL COLLEGE, INC.	MARS HILL	TEACHER ASSISTANCE SCHOLARSHIPS	$166,400
MEREDITH COLLEGE	RALEIGH	TEACHER ASSISTANCE SCHOLARSHIPS	$3,200
METHODIST COLLEGE	FAYETTEVILLE	TEACHER ASSISTANCE SCHOLARSHIPS	$4,800
PFEIFFER UNIVERSITY	MISENHEIMER	TEACHER ASSISTANCE SCHOLARSHIPS	$8,000
QUEENS UNIVERSITY OF CHARLOTTE	CHARLOTTE	TEACHER ASSISTANCE SCHOLARSHIPS	$6,400
SALEM COLLEGE	WINSTON-SALEM	TEACHER ASSISTANCE SCHOLARSHIPS	$14,400
SHAW UNIVERSITY	RALEIGH	TEACHER ASSISTANCE SCHOLARSHIPS	$9,600
ST. ANDREWS PRESBYTERIAN COLLEGE	LAURINBURG	TEACHER ASSISTANCE SCHOLARSHIPS	$9,600
DUKE UNIVERSITY	DURHAM	UNC GENOMICS PHOTONICS OPTEOLECTRON	$16,888
UNIVERSITY OF NORTH CAROLINA - NORTH CAROLINA CENTER FOR NURSING:			
ANGEL MEDICAL CENTER, INC.	FRANKLIN	RECRUITMENT AND RETENTION GRANT	$5,000
MOSES H. CONE MEMORIAL HOSPITAL, INC.	GREENSBORO	RECRUITMENT AND RETENTION GRANT	$5,000
SOUTHEASTERN REGIONAL MEDICAL CENTER	LUMBERTON	RECRUITMENT AND RETENTION GRANT	$4,000
WAKEMED	RALEIGH	RECRUITMENT AND RETENTION GRANT	$5,000
APPALACHIAN STATE UNIVERSITY:			
APPALACHIAN CONSORTIUM, INC.	BOONE	APPALACHIAN CONSORTIUM, INC.	$20,673
EAST CAROLINA UNIVERSITY:			
COMPREHENSIVE REHAB OF WILSON	WILSON	ASSISTIVE TECHNOLOGY SERVICES	$300
KOMMUNIKATE PLUS, INC.	MT. OLIVE	ASSISTIVE TECHNOLOGY SERVICES	$500
METROPOLITAN MISSION CME	CHOCOWINITY	ECU REGIONAL TRAINING CENTER	$1,300
ST. MARY'S UNITED METHODIST CHURCH	TRINITY	ECU REGIONAL TRAINING CENTER	$500

GRANTING AGENCY, DEPARTMENT, INSTITUTION/GRANTEE NAME	CITY	PROGRAM NAME	FY 2004 DISBURSE.
UNIVERSITY OF NORTH CAROLINA - GENERAL ADMINISTRATION:			
NORTH CAROLINA CENTRAL UNIVERSITY:			
EAGLE VILLAGE COMMUNITY DEVELOPMENT CORPORAT	DURHAM	EAGLE VILLAGE COMMUNITY DEVELOPMENT	$8,799
EAGLE VILLAGE COMMUNITY DEVELOPMENT CORPORAT	DURHAM	HUD-OCPD PROGRAM	$68,260
EAGLE VILLAGE COMMUNITY DEVELOPMENT CORPORAT	DURHAM	TECHNOLOGY OPPORTUNITIES PROGRAM	$40,893
EXCHANGE CLUB CHILD ABUSE PREVENTION CENTER O	DURHAM	JUVENILE LAW CLINIC	$25,000
FISK UNIVERSITY	NASHVILLE, TN	NATIONAL AERONAUTICS & SPACE ADMINISTR	$100,000
UNIVERSITY OF NORTH CAROLINA - GREENSBORO:			
CAROLIN EVALUATION RESEARCH CENTER	GREENSBORO	PUBLIC SERVICE	$21,500
UNITED CHILD DEVELOPMENT SERVICES	GREENSBORO	PUBLIC SERVICE	$45,469
WINSTON-SALEM STATE UNIVERSITY:			
OLD SALEM, INC.	WINSTON-SALEM	RESTORATION OF ST. PHILLIPS CHURCH	$185,371
SIMON GREEN ATKINS COMMUNITY DEVELOPMENT COR	WINSTON-SALEM	HUD/HBCU COMMUNITY	$76,963

$84,077,544

UNC Payments to Non-State Entities in FY 2004

Grantee Name	Purpose	Amount	Program	Fund Source
UNC General Administration				
Lenoir-Rhyne College	Recruit, train and mentor lateral entry teachers to fill critical needs areas in North Carolina schools.	$10,000	NC TEACH	General Fund
Duke University	Support for Bio-photonics 2003 Conference in conjuction with the North Carolina Photonics Initiative with NCSU, NCAT, and UNCC. Conference included student presentations and served as a window on North Carolina photonics activities. Attendees included consortium students and faculty; in addition to industries and academia from throughout the country.	$16,888	Research	General Fund
Moses Cone Memorial Hospital, Inc	NCCN Recruitment & Retention Grant Program: Pre-Nursing Mentorship Program	$5,000	NC Center for Nursing	General Fund
Southeastern Regional Medical Center	NCCN Recruitment & Retention Grant Program: Mentoring Program for High School Students	$4,000	NC Center for Nursing	General Fund
WakeMed	NCCN Recruitment & Retention Grant Program: Preceptor Program (WakeMed staff nurses train/orient new nursing staff)	$5,000	NC Center for Nursing	General Fund
Angel Medical Center, Inc	NCCN Recruitment & Retention Grant Program: Clinical Ladder Program of Staff Development for Angel Med nursing staff	$5,000	NC Center for Nursing	General Fund
Appalachian State University				
ASU Consortium	Support office expenses for the Appalachian Consortium.	$20,673		General Fund
East Carolina University				
Comprehensive Rehab of Wilson	Functional Communication for Nonverbal children	$300	Assistive Technology Mini Grant	Grant from NC DHHS
Kommunikate Plus, Inc Mt. Olive, NC	Opening Doors to Communicate	$500	Assistive Technology Mini Grant	Grant from NC DHHS
Metropolitan Mission CME, Chocowinity, NC	St. James CME Church Mentoring and Empowerment Program for Young Women	$1,300	ECU Regional Training Center	Grant from NC DHHS
St Mary's United Methodist Church	Parent to Parent and All Stars	$500	ECU Regional Training Center	Grant from NC DHHS

UNC Payments to Non-State Entities in FY 2004

Grantee Name	Purpose	Amount	Program	Fund Source
NC Central University				
Eagle Village CDC	Provide supportive services to low-income families through Home Ownership Institute.Training in the basis of money management. Work with students, faculty and city administration to promote redesign of Fayetteville Street	$68,260	HUD-OCDP Program	Grant
Eagle Village CDC	Monitor the projects' financial activities, including payments to staff, students, and community workers. Prepare requests for salaries, stipends, contractor fees for formal disbursement of funds. Prepare federal drawdown requests	$40,893	TOP CAT	Grant
Eagle Village CDC	Manage facility for the CEDI program's operations. Promote business expansion and business opportunities in Eagle Village through forums and projects. Recruit participants for NCCU's basic business and entrepreneurship courses. Operate job referral and placement program	$48,743	CEDI	Grant
Exchange Clubs Child Abuse Prevention Center	Services to child care program and families of children with challenging behavior. Home based family therapy to at-risk court involved juveniles and suspended students and their families. Nurturing program for individuals involved in drug treatment court	$25,000	Juvenile Law	Grant
Fisk University	Enhance existing interdisciplinary research program. Increase the number of minority students in natural sciences departments. Develop NASA mission targeted educational curriculum	$100,000	NASA Research	Grant
UNC Greensboro				
United Child Development Services, Inc.	2004 Discovery Days. Provide comprehensive cultural diversity training to targeted Guilford County childcare centers teachers/providers; conduct learning programs for preschoolers.	$45,469	Center for New North Carolinians	Grant
Carolina Evaluation Research Center	Provide statistical consultation for evaluation, design, implementation, analysis and reporting of effectiveness of training; develop procedures for scoring and reporting knowledge tests.	$21,500	Child Welfare Training System Evaluation	Grant

UNC Payments to Non-State Entities in FY 2004

Grantee Name	Purpose	Amount	Program	Fund Source
Winston-Salem State University				
Old Salem, Inc.	Restoration costs of St. Phillips Church at Old Salem. Funds provided by HUD.	$185,371	St. Phillips - Old Salem	Grant
Simon Green Atkins Community Development Corporation	Not for profit organization established by WSSU to provide university community leadership in the revitalization and development of a section of an east Winston-Salem neighborhood, including housing restoration and overall economic development.	$76,963	HUD/HBCU Community	HUD grant

VACANT POSITIONS
AS OF DECEMBER 31, 2004

Vacancies 6 months or older

	FTE	Salaries
SPA	161.51	$4,863,058
EPA Non-Faculty	103.95	5,858,536
EPA Faculty	366.28	26,551,362
	631.74	$37,272,956

University of North Carolina
Vacant Positions as of December 31, 2004
General Fund Budget Codes
Revised 1/25/2005

	Appropriations Supported Positions							
	SPA				EPA Non-Faculty			
	All Positions		6 Months or Older		All Positions		6 Months or Older	
Institution	FTE	Salary	FTE	Salary	FTE	Salary	FTE	Salary
ASU	5.00	$159,007	2.00	$62,304	4.00	$285,079	0.00	$0
ECU, AA	40.60	$1,080,895	18.50	$473,980	13.85	$933,813	7.35	$536,361
ECU, HA	26.61	$934,389	12.11	$454,752	1.25	$79,144	1.05	$51,665
ECSU	8.30	$267,462	0.00	$0	0.00	$0	0.00	$0
FSU	35.00	$998,261	12.00	$369,611	12.00	$700,030	1.00	$35,000
NCA&T	20.25	$596,405	5.25	$91,654	14.68	$686,736	11.68	$529,192
NCCU	68.50	$2,027,054	39.50	$1,171,989	20.00	$948,517	16.00	$609,662
NCSA	0.00	$0	0.00	$0	2.00	$182,558	0.00	$0
NCSU, AA	80.12	$2,502,159	6.01	$220,334	28.27	$2,040,044	11.44	$833,313
NCSU, Ag. Res.	10.31	$308,643	0.00	$0	2.26	$107,799	0.00	$0
NCSU, Coop. Ext.	6.63	$191,115	0.25	$5,500	4.93	$237,237	0.00	$0
UNC-A	16.10	$422,338	6.68	$211,103	2.45	$140,215	1.90	$119,732
UNC-CH,AA	18.35	$652,150	4.94	$176,668	27.91	$1,653,323	14.92	$910,747
UNC-CH, HA	15.69	$513,796	3.78	$106,180	10.83	$943,050	7.28	$727,211
UNC-CH, AHEC	0.00	$0	0.00	$0	5.72	$367,203	5.62	$357,203
UNC-C	44.50	$1,455,352	5.50	$228,221	9.75	$495,829	2.00	$78,900
UNC-G	44.99	$1,339,422	23.99	$661,255	23.39	$1,176,807	16.71	$724,504
UNC-P	11.00	$295,173	3.00	$87,268	5.00	$220,990	3.00	$96,000
UNC-W	14.50	$436,355	5.50	$162,166	4.55	$215,932	0.00	$0
WCU	17.66	$450,432	2.50	$63,862	6.00	$365,518	2.00	$102,100
WSSU	17.00	$483,306	7.00	$229,086	5.00	$408,671	2.00	$146,946
NCSSM	10.00	$278,856	0.00	$0	0.00	$0	0.00	$0
UNC-GA	11.00	$409,182	3.00	$87,125	4.00	$253,475	0.00	$0
	522.11	**$15,801,752**	**161.51**	**$4,863,058**	**207.84**	**$12,441,970**	**103.95**	**$5,858,536**

University of North
Vaca Positions as
General Fund Budg
Revised 1/25/2005

Appropriations Supported Positions

	EPA Faculty				Total Vacancies			
	All Positions		6 Months or Older		All Positions		6 Months or Older	
Institution	FTE	Salary	FTE	Salary	FTE	Salary	FTE	Salary
ASU	75.09	$3,278,077	32.19	$897,561	84.09	$3,722,163	34.19	$959,865
ECU, AA	4.00	$323,805	3.00	$255,257	58.45	$2,338,513	28.85	$1,265,598
ECU, HA	4.87	$439,101	4.87	$439,101	32.73	$1,452,634	18.03	$945,518
ECSU	0.00	$0	0.00	$0	8.30	$267,462	0.00	$0
FSU	15.73	$875,276	6.85	$394,865	62.73	$2,573,567	19.85	$799,476
NCA&T	73.09	$4,348,524	72.09	$4,251,021	108.02	$5,631,665	89.02	$4,871,867
NCCU	21.30	$1,174,883	10.30	$511,870	109.80	$4,150,454	65.80	$2,293,521
NCSA	0.00	$0	0.00	$0	2.00	$182,558	0.00	$0
NCSU, AA	22.95	$1,846,005	9.77	$878,081	131.34	$6,388,208	27.22	$1,931,728
NCSU, Ag. Res.	0.00	$0	0.00	$0	12.57	$416,442	0.00	$0
NCSU, Coop. Ext.	5.01	$218,224	2.21	$92,081	16.57	$646,576	2.46	$97,581
UNC-A	0.00	$0	0.00	$0	18.55	$562,553	8.58	$330,835
UNC-CH,AA	32.84	$3,501,366	34.14	$4,054,874	79.10	$5,806,839	54.00	$5,142,289
UNC-CH, HA	58.91	$6,173,640	45.82	$4,550,744	85.43	$7,630,486	56.88	$5,384,135
UNC-CH, AHEC	0.00	$0	0.00	$0	5.72	$367,203	5.62	$357,203
UNC-C	170.92	$11,735,732	111.90	$7,990,521	225.17	$13,686,913	119.40	$8,297,642
UNC-G	34.51	$2,529,303	26.14	$1,900,538	102.89	$5,045,532	66.84	$3,286,297
UNC-P	0.00	$0	0.00	$0	16.00	$516,163	6.00	$183,268
UNC-W	30.46	$1,935,287	0.00	$0	49.51	$2,587,574	5.50	$162,166
WCU	0.00	$0	0.00	$0	23.66	$815,950	4.50	$165,962
WSSU	54.00	$3,012,032	7.00	$334,848	76.00	$3,904,009	16.00	$710,880
NCSSM	1.00	$30,000	0.00	$0	11.00	$308,856	0.00	$0
UNC-GA	0.00	$0	0.00	$0	15.00	$662,657	3.00	$87,125
	604.68	**$41,421,255**	**366.28**	**$26,551,362**	**1,334.63**	**$69,664,977**	**631.74**	**$37,272,956**

LINE ITEM REVIEW

- An examination of campus expenditures for FY 03-04 reveals the following:

Contracted Personal Services	$24,306,718
Travel	23,352,319
Rental	4,915,018
Equipment	69,900,069
Library Books & Journals	49,188,245
Land/Structures	2,084,772
Grants	226,462,168
Cell phones	~~891,301~~ 824,685

UNIVERSITY OF NORTH CAROLINA
CELL PHONES
ACTUAL EXPENDITURES 2003-04

Institution	Amounts ($)
Appalachian State University	15,574
East Carolina University	65,534
Elizabeth City State University	13,100
Fayetteville State University	97,969
North Carolina A & T University	36,690
North Carolina Central University	40,399
North Carolina School of the Arts	36,223
North Carolina State University	64,237
UNC-Asheville	2,106
UNC-Chapel Hill	102,521
UNC-Charlotte	60,259
UNC-Greensboro	73,087
UNC-Pembroke	8,924
UNC-Wilmington	75,269
Western Carolina University	6,124
Winston Salem State University	128,828
UNC-General Administration, Operating	57,473
North Carolina School of Science and Math	6,984
Total	891,301

TARGETED REVIEW OF 03-04 SPENDING
(All Campuses, Excluding Science and Math)

Contracted Personal Services	
Legal and Accounting Fees	$387,345
Consultant Fees	2,364,060
Medical Fees	363,428
Employee on Loan Payments	1,020,244
Honorariums	752,008
Expert Witness Fees	144,081
Academic Instruction Research Service	2,850,391
Other Contracted Services	16,425,161
	$24,306,718

Travel	
In-State Travel	$7,337,136
Out-of -State Travel	11,351,759
Out-of Country Travel	2,545,853
Non-employee (Board, etc.) Transportation and Subsistence	2,064,844
Recruit/Student Group Transportation	52,727
	$23,352,319

Rental	
Rental EDP Equipment	$968,832
Rental Other Equipment	3,946,186
	$4,915,018
Equipment	
Office Equipment	$6,874,528
EDP Equipment	34,863,690
Educational Equipment	11,828,487
Motor Vehicles	4,679,381
Other Equipment	11,653,983
	$69,900,069
Library Books and Journals	$49,188,245
Land/Structures	
Land	$18,897
Buildings	1,534,631
Other Structures	531,244
	$2,084,772
Grants	
Educational Awards	$66,960,625
Other Aid and Grants	159,501,543
	$226,462,168

2003-04 Actual

Budget Code	Agency/Institution	1910 Legal & Accounting Fees	1920 Consultant Fees	1930 Medical Fees	1940 Employee On loan Payments	1950 Honorariums
16010	UNC-GA	$110,584	$44,120		$32,814	$20,135
16011	UNC-GA, Institutional Programs					
16012	UNC-GA, Related Ed. Programs					
16020	UNC-CH - Academic Affairs	20,766	199,722	35,222	289,968	5,592
16021	UNC-CH - Health Affairs	161	6,669	42,747	98,252	8,000
16022	UNC-CH - AHEC			420		1,000
16030	NCSU - Academic Affairs	48,676	165,054	25,432	155,467	172,231
16031	NCSU - Agricultural Research	4,126	3,404	1,770		6,095
16032	NCSU - Agricultural Extension	3,875	605			4,760
16040	UNC-G	20,186	329,468	32	61,193	67,381
16050	UNC-C	44,120	819,363	4,465	4,261	191,133
16055	UNC-A	3,790	0			30,920
16060	UNC-W	1,206			12,918	30,641
16065	ECU - Academic Affairs	8,537	11,009	5,113	35,677	61,351
16066	ECU - Health Affairs	2,505	3,500	243,802	45	28,506
16070	NC A&T	21,844			75,740	6,150
16075	WCU	14,587		1,443	27,192	79,955
16080	ASU	7,632		2,234	13,885	200
16082	UNC-P	40,092	442,675	748		
16084	WSSU	3,596	63,821		47,641	250
16086	ECSU		177,469		6,667	2,903
16088	FSU	13,301	51,881			
16090	NCCU	4,192	3,860		156,632	34,805
16092	NCSA	13,569	41,440		1,892	
16094	NCSSM					
16095	UNC-Hospitals					
	Totals	**$387,345**	**$2,364,060**	**$363,428**	**$1,020,244**	**$752,008**

2003-04 Actual

Budget Code	Agency/Institution	1960 Expert Witness Fees	1970 Academic Instruction Research Service	1990 Other Contracted services
16010	UNC-GA			$4,390,234
16011	UNC-GA, Institutional Programs			
16012	UNC-GA, Related Ed. Programs			203,460
16020	UNC-CH - Academic Affairs		643,999	1,904,379
16021	UNC-CH - Health Affairs	26,372	606,392	1,248,594
16022	UNC-CH - AHEC			230,049
16030	NCSU - Academic Affairs		58,928	776,428
16031	NCSU - Agricultural Research			12,307
16032	NCSU - Agricultural Extension			70,036
16040	UNC-G		380,913	635,431
16050	UNC-C		680,441	554,798
16055	UNC-A		1,000	129,552
16060	UNC-W		65,000	500,771
16065	ECU - Academic Affairs		4,435	1,157,402
16066	ECU - Health Affairs			358,262
16070	NC A&T			1,234,901
16075	WCU		64,626	1,073,921
16080	ASU		34,607	292,043
16082	UNC-P		4,900	121,258
16084	WSSU		18,021	764,835
16086	ECSU			37,869
16088	FSU		435	299,337
16090	NCCU	117,709		118,899
16092	NCSA		286,694	310,395
16094	NCSSM			
16095	UNC-Hospitals			
	Totals	**$144,081**	**$2,850,391**	**$16,425,161**

Budget Code	Agency/Institution	2003-04 Actual 3110 In-State Travel	3120 Out-of-State Travel	3130 Out-of-Country Travel	3140 Nonemployee Transp. & Sub.	3150 Recruit/ Student Group Transp.
16010	UNC-GA	$279,549	$264,791	$18,600	$497,319	
16011	UNC-GA, Institutional Programs					
16012	UNC-GA, Related Ed. Programs		756		691	
16020	UNC-CH - Academic Affairs	514,892	919,169	242,439		2192
16021	UNC-CH - Health Affairs	246,799	441,856	30,451		
16022	UNC-CH - AHEC	314,938	105,148			
16030	NCSU - Academic Affairs	514,843	1,549,961	286,679	512,718	
16031	NCSU - Agricultural Research	69,653	220,062	56,907	37,867	
16032	NCSU - Agricultural Extension	1,105,711	257,751	31,413	77,394	
16040	UNC-G	296,277	852,263	109,775	224,793	771
16050	UNC-C	393,048	1,500,262	936,288	5,323	
16055	UNC-A	217,685	229,056	58,417	4,425	
16060	UNC-W	273,023	592,733	146,615	119,064	49,764
16065	ECU - Academic Affairs	506,575	1,129,028	100,892	218,041	
16066	ECU - Health Affairs	130,946	152,015	1,361	52,071	
16070	NC A&T	258,510	882,178	102,966	51,127	
16075	WCU	499,754	339,692	100,252		
16080	ASU	471,715	652,287	147,478	93,210	
16082	UNC-P	280,643	297,415	124,813	98,678	
16084	WSSU	256,966	278,891	4,787	7,465	
16086	ECSU	207,496	118,739		7338	
16088	FSU	241,241	253,655	37,101		
16090	NCCU	132,815	148,737	5,116	51,203	
16092	NCSA	124,057	165,314	3,503	6,117	
16094	NCSSM					
16095	UNC-Hospitals					
	Totals	**$7,337,136**	**$11,351,759**	**$2,545,853**	**$2,064,844**	**$52,727**

2003-04 Actual

Budget Code	Agency/Institution	4200 Rental EDP Eqpt	4300 Rental Other Eqpt
16010	UNC-GA		$329,519
16011	UNC-GA, Institutional Programs		
16012	UNC-GA, Related Ed. Programs		
16020	UNC-CH - Academic Affairs	186,757	167,071
16021	UNC-CH - Health Affairs	48,000	93,464
16022	UNC-CH - AHEC		
16030	NCSU - Academic Affairs	1,302	694,619
16031	NCSU - Agricultural Research		160,584
16032	NCSU - Agricultural Extension		448,748
16040	UNC-G	382,286	148,512
16050	UNC-C	935	81,040
16055	UNC-A		43,538
16060	UNC-W		80,468
16065	ECU - Academic Affairs		78,427
16066	ECU - Health Affairs		3,790
16070	NC A&T	122,573	222,518
16075	WCU	1,944	42,997
16080	ASU	210,028	429,513
16082	UNC-P	4,419	29,479
16084	WSSU	10,588	374,466
16086	ECSU		180,100
16088	FSU		15,593
16090	NCCU		232,729
16092	NCSA		89,011
16094	NCSSM		
16095	UNC-Hospitals		
	Totals	**$968,832**	**$3,946,186**

2003-04 Actual

Budget Code	Agency/Institution	5100 Office Equipment	5200 EDP Equipment	5300 Educational Equipment	5400 Motor Vehicles	5500 Other Equipment
16010	UNC-GA	$180,415	$1,145,931		$19,191	$297,082
16011	UNC-GA, Institutional Programs					
16012	UNC-GA, Related Ed. Programs					
16020	UNC-CH - Academic Affairs	98,290	1,561,023	217,327	369,469	138,962
16021	UNC-CH - Health Affairs	6,521	707,171	388,531	236,884	91,456
16022	UNC-CH - AHEC					
16030	NCSU - Academic Affairs	408,763	2,809,930	2,217,550	1,020,353	7,172,172
16031	NCSU - Agricultural Research	21,671	36	612,721	260,556	91,766
16032	NCSU - Agricultural Extension	32,731	62	27,864	197,654	24,504
16040	UNC-G	105,283	2,047,615	191,360	98,810	59,663
16050	UNC-C	1,545,685	5,935,930	1,875,035	149,020	288,955
16055	UNC-A	129,218	1,306,642	291,227	68,044	237,540
16060	UNC-W	213,727	1,197,402	84,115	198,680	185,373
16065	ECU - Academic Affairs	730,653	7,621,263	962,608	750,461	563,760
16066	ECU - Health Affairs	30,028	434,115	484,304		14,081
16070	NC A&T	783,721	1,892,083	1,470,766	307,967	774,216
16075	WCU	294,904	793,093	487,108	160,936	95,121
16080	ASU	83,704	331,132	547,986	127,776	201,112
16082	UNC-P	232,413	1,107,734	470,555	98,122	263,215
16084	WSSU	205,150	1,497,045	133,820	83,169	117,556
16086	ECSU	116,317	284,614	237,962	114,351	108,605
16088	FSU	734,362	1,833,418	389,561	135,197	349,439
16090	NCCU	411,510	1,688,809	276,904		252,224
16092	NCSA	509,462	668,642	461,183	282,741	327,181
16094	NCSSM					
16095	UNC-Hospitals					
	Totals	**$6,874,528**	**$34,863,690**	**$11,828,487**	**$4,679,381**	**$11,653,983**

Budget Code	2003-04 Actual Agency/Institution	5600 Library Books & Journals	5700 Land	5800 Buildings	5900 Other Structures
16010	UNC-GA				
16011	UNC-GA, Institutional Programs				
16012	UNC-GA, Related Ed. Programs				
16020	UNC-CH - Academic Affairs	10,029,053			
16021	UNC-CH - Health Affairs	2,707,704			
16022	UNC-CH - AHEC	1,469			
16030	NCSU - Academic Affairs	9,269,529			
16031	NCSU - Agricultural Research				
16032	NCSU - Agricultural Extension				
16040	UNC-G	5,169,030			
16050	UNC-C	2,983,418		32,303	379,961
16055	UNC-A	839,974			17,167
16060	UNC-W	1,862,826		146,848	1,786
16065	ECU - Academic Affairs	4,164,668		314,136	27,602
16066	ECU - Health Affairs	869,171	10,904	61,845	
16070	NC A&T	2,311,253			
16075	WCU	1,169,895		220,736	600
16080	ASU	2,484,312			
16082	UNC-P	909,339	2,043	135,466	93,169
16084	WSSU	665,269			
16086	ECSU	384,948			
16088	FSU	1,014,732	5,950	383,160	
16090	NCCU	2,180,037		118,652	
16092	NCSA	171,618		121,485	10,959
16094	NCSSM				
16095	UNC-Hospitals				
	Totals	**$49,188,245**	**$18,897**	**$1,534,631**	**$531,244**

2003-04 Actual

Budget Code	Agency/Institution	6500 Educational Awards	6900 Other Aid & Grants
16010	UNC-GA		$245,864
16011	UNC-GA, Institutional Programs		
16012	UNC-GA, Related Ed. Programs		121,476,607
16020	UNC-CH - Academic Affairs	16,404,727	642,999
16021	UNC-CH - Health Affairs	2,507,506	68,896
16022	UNC-CH - AHEC	10,504	36,578,837
16030	NCSU - Academic Affairs	18,220,232	275,714
16031	NCSU - Agricultural Research	14,606	1,351
16032	NCSU - Agricultural Extension	15,013	26,587
16040	UNC-G	2,702,155	
16050	UNC-C	3,173,638	
16055	UNC-A	794,669	
16060	UNC-W	1,703,412	150,000
16065	ECU - Academic Affairs	4,276,936	
16066	ECU - Health Affairs	59,800	
16070	NC A&T	2,484,083	
16075	WCU	1,076,429	
16080	ASU	2,386,292	6,159
16082	UNC-P	1,411,345	
16084	WSSU	1,403,363	
16086	ECSU	2,201,218	7,221
16088	FSU	2,072,421	10,000
16090	NCCU	2,575,162	11,308
16092	NCSA	1,467,114	
16094	NCSSM		
16095	UNC-Hospitals		
	Totals	**$66,960,625**	**$159,501,543**

Line Item Detail FY 03-05

1910 Legal and Accounting Fees
Each campus shares in UNC litigation expenses; fees paid to Office of State Auditor; legal settlements involving employees/former employees; copyright, patent and trademark license fees; H-1B Nonimmigrant VISA Program (FSU); legal transcription services; mediation expense (UNCA); enrollment consultant service (UNCP)

1920 Consultant Fees
Campus contribution for study mandated by General Assembly ($2 million over two years to study mission and educational program needs of UNC and Community Colleges); costs associated with Banner system; costs of search for executive level positions; rewrite BD-119 report application (NCSU); development of Master of Nursing curriculum materials (UNCC); temporary non-faculty contracts

1930 Medical Fees
Mandatory drug tests for specific state employee positions; payment to private medical practices for supervising medical students and resident physicians (ECU); payment to private dental practices for supervision of the dental residency program located in the ECU Family Practice Center; physical exams and related testing for Public Safety officers; treatment of employees and student employees for minor job related injuries; asbestos physical exams and audio tests for Physical Plant employees

1940 Employee On Loan Payments
Payments paid to other state agencies/institutions for professional services or borrowed employees

1950 Honorariums
Speakers for university convocations and observances; guest artists and lecturers; stipends for Educational Partnership and Model Teaching Clinic Research subjects (UNCC)

1960 Expert Witness Fees
Legal expenses associated with the investigation of construction work in two residential facilities (NCCU); video transmission support services to develop a compact disc for admission applications to PharmD program (UNC-CH)

1970 Academic Instruction Research Service
Commencement speakers; non-state employees hired as instructional speakers/artists; payments to teachers supervising student teachers; payments to individuals reviewing academic courses, materials, and curriculum; marketing research; payments to community based faculty for the School of Pharmacy (UNC-CH)

1990 Other Contracted Services
Interpreters for hearing impaired students; costs associated with Banner system; payment to teachers to assist in teacher training workshops; services to develop new distance education courses; expenses relating to capital campaign; payments to school system for teachers to supervise student interns (ECU); Teacher in residence programs – buy out time of for public school teachers to provide enrichment instruction to ECU middle grade and special education students (ECU); Summer Program for Future Doctors (ECU); payments to simulated patients (ECU); medical transcription services; resident physician fellows positions in internal medicine (ECU); training new employees on BANNER system; testing services; Manteo Summer Institute (NCSA); contracted personnel in the Correctional Institute Program (UNCA); Tuition Price Sensitivity Study (UNC-CH); public relations/marketing services; AHEC continuing education and training activities (UNC-CH); telemarketing (UNCC); medical institutions are paid for services provided interns in nursing, genetic counseling, social work and allied health disciplines (UNCG); payment of substitute teachers while teachers attend NC Center for the Advancement of Teaching (WCU); collection agencies

3110 In-State Travel
Meetings in Chapel Hill and Raleigh; distance education at off campus locations; student recruiting; faculty recruiting; research; attend workshops; Manteo Summer Institute (NCSA), travel of county extension agents (NCSU); Summer Math Science Ventures field trips

3120 Out -of-State Travel
Student recruiting; faculty recruiting; research; attend workshops; attend conferences and conventions; travel associated with BANNER system

3130 Out-of-Country Travel
Student recruiting; attend conferences and conventions; study abroad programs

3140 Nonemployee Transportation and Subsistence
Boards of Trustees; visiting faculty; travel associated with BANNER system consultants; travel expenses related to searches for dean and director level positions; NC Teaching Fellows Instruction and Enrichment Program; travel related to Summer Program for Future Doctors (ECU); travel for contractor assisting with Help Desk software installation (UNCC); accreditation related travel (UNCW)

3150 Recruit/ Student Group Transportation
Recruiting trips for enrollment growth

4200 Rental EDP Equipment
E-mail virus protection; mainframe lease; specialized equipment lease; computer maintenance agreements

4300 Rental Other Equipment
Copier rentals; postal machine rentals; snow and ice removal; rental of lighting equipment (NCSA); pager service; State Motor Pool rentals; rent specialized equipment for TEACCH autism outreach clinics throughout state (UNC-CH); water purification equipment for Center for Marine Science (UNCW)

5100 Office Equipment
Furniture replacement; equipment for new buildings

5200 EDP Equipment
Costs associated with Banner system; upgrade faculty workstations; startup equipment for new labs; software; IT services to students paid by Education and Technology fee

5300 Educational Equipment
Audio-visual equipment; scientific equipment; startup equipment for new science faculty; equipment for School of Pharmacy program (ECSU); nuclear magnetic resonance imaging equipment for School of Pharmacy (UNC-CH); HAAS laser cutting system for Engineering Technology program (WCU)

5400 Motor Vehicles
Replacement vehicles; replace research boat; expand fleet of vehicles for new buildings constructed with bond funds

5500 Other Equipment
Street sweeper; police dispatch system; lawn mower/tractor; replacement of pianos in School of Music (ECU); telecommunication equipment; replace physical education equipment; forklifts, furnaces; security system; air conditioners; defibrillators for campus buildings (UNCC); boat engines and equipment

5600 Library Books & Journals
Purchase of books, magazines, newspapers, manuals, journals, manuscripts, musical scores, musical recordings, photographs, maps, films, tapes, records, microfilms, and microforms; binding services; access to electronic data files

5700 Land
Reimbursement of handling costs to foundation for land associated with health science campus (ECU); appraisal of property adjacent to university (FSU); land acquisition for future building

5800 Buildings
Replacement of chiller; irrigation system; building renovation; purchase of two dance floors (NCSA); discovery and remediation of mold problems in campus buildings (UNCP)

5900 Other Structures
Aerial topographic map (UNCA), campus signage; security lights; fire system upgrade; architectural study (UNCC)

PROGRAM SPENDING

- Summer Term Instruction

  $3,658,515 General Fund budget

- Noncredit and Receipts Supported Instruction

  $578,543 General Fund budget

0102 Summer Term Instruction

		2005-06	2006-07
16020	UNC-Chapel Hill	$179,196	$179,196
16030	NC State University	$0	$0
16040	UNC-Greensboro	$466,849	$466,849
16050	UNC-Charlotte	$313,905	$313,905
16055	UNC-Asheville	$133,401	$133,401
16060	UNC-Wilmington	$17,331	$17,331
16065	East Carolina University	$635,559	$635,559
16070	NC A&T State University	$250,181	$250,181
16075	Western Carolina University	$238,715	$238,715
16080	Appalachian State University	$419,131	$419,131
16082	UNC-Pembroke	$138,916	$138,916
16084	Winston-Salem State University	$184,270	$184,270
16086	Elizabeth City State University	$30,278	$30,278
16088	Fayetteville State University	$323,230	$323,230
16090	NC Central University	$235,013	$235,013
16092	NC School of the Arts	$92,540	$92,540
		$3,658,515	$3,658,515

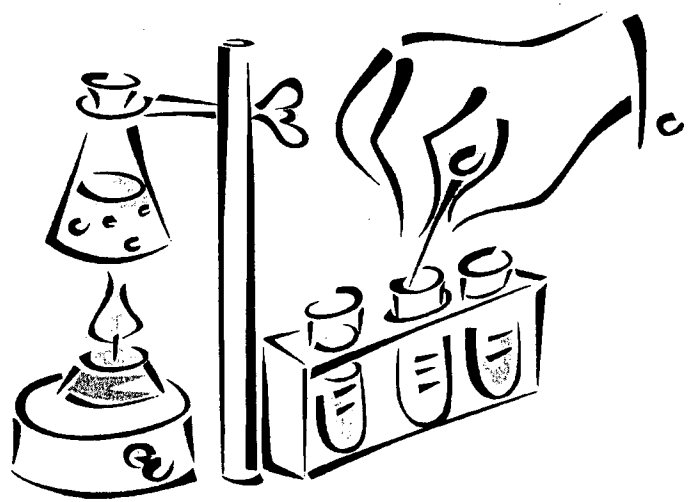
0103 Noncredit and Receipts Supported Instruction

		2005-06	2006-07
16020	UNC-Chapel Hill	$481,924	$481,924
16030	NC State University	$1	$1
16040	UNC-Greensboro	$0	$0
16050	UNC-Charlotte	$0	$0
16055	UNC-Asheville	$0	$0
16060	UNC-Wilmington	$13,201	$13,201
16065	East Carolina University	($105,989)	($105,989)
16070	NC A&T State University	$5,186	$5,186
16075	Western Carolina University	$0	$0
16080	Appalachian State University	$0	$0
16082	UNC-Pembroke	$50,357	$50,357
16084	Winston-Salem State University	$0	$0
16086	Elizabeth City State University	$125,932	$125,932
16088	Fayetteville State University	$27	$27
16090	NC Central University	$0	$0
16092	NC School of the Arts	$7,904	$7,904
		$578,543	$578,543

AUDITS

- Financial Audits
  - No problems except N.C. School for the Arts
- Performance Audits
  - Repair and Renovation review – no problems

Selected Topics



North Carolina General Assembly

Joint Legislation Appropriations Subcommittee on Education

April 5, 2005

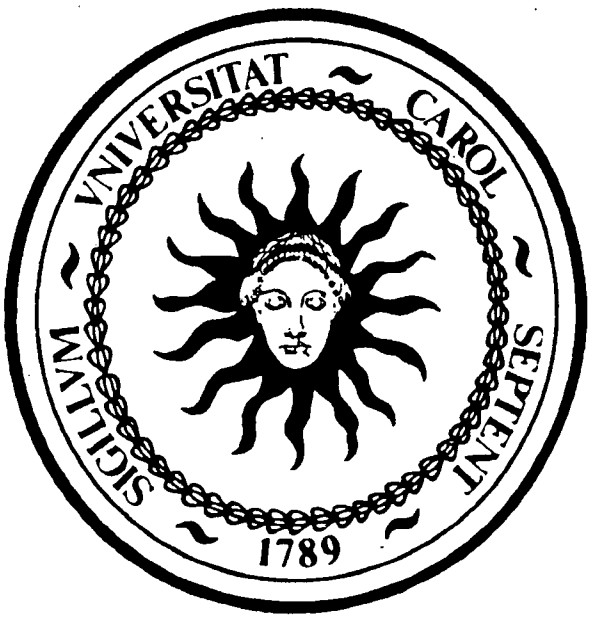
Overhead Receipts

- In FY 2003-04, all UNC campuses earned $149.4 million in facilities and administrative receipts
- These receipts are reimbursement for costs associated with supporting grants and contract activities of an institution
- UNC Campuses had $1.016 billion in research grants in FY 03-04

Overhead Receipts (Continued)

- UNC-Chapel Hill earned 68.9% of these receipts and NC State University earned 18.9%
- All but $2.7 million of the receipts have been spent
- Expenditures from the receipts
  - Support Sponsored Research programs
  - Campus match for bond construction (UNC-CH, UNCC, NCSU)
  - Audits
  - Purchase and repair equipment

Report to the
2005 North Carolina General Assembly
Joint Legislative Education Oversight Committee



The University of North Carolina
Report on Overhead Receipts
[Facilities and Administrative (F&A) Receipts]
2003-04

The Board of Governors of
The University of North Carolina

February 11, 2005

The University of North Carolina
Report on Overhead Receipts
[Facilities and Administrative (F&A) Receipts]
2003-04

Legislation enacted by the 2001 General Assembly (S.L. 2001-424) included the following special provision directing the Board of Governors to report on the amount and uses of facilities and administrative receipts:

> **UNC BOARD OF GOVERNORS REPORT ON OVERHEAD RECEIPTS**
> **SECTION 31.14.** The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1, 2002, and annually thereafter, on the amount of overhead receipts for The University System and the use of those receipts.

In response to that legislation, this report covers the fiscal year ending June 30, 2004.

Background

The University of North Carolina serves the state's interests through a three-part mission of teaching, research, and public service. UNC's reputation as one of the nation's top public university systems has been built, in part, on the volume and quality of research and sponsored programs conducted by its faculty. With limited direct appropriations for research, the University has depended heavily on obtaining competitive grants and contracts to support its research efforts.

In recent decades, the federal government has increased efforts to promote scientific research at United States universities, as well as research conducted by federal, nonprofit, and commercial laboratories. Recognizing that research carries necessary administrative, facilities, and other expenses above and beyond the direct costs of the project, federal agencies have included in research grants and contracts a portion of funds to help offset these related costs – commonly called "indirect costs," "overhead receipts," or "facilities and administrative (F&A) receipts." In keeping with federal reporting practices, the term "facilities and administrative (F&A) receipts" is used for the remainder of this report.

Under federal OMB Circulars, facilities and administrative receipts generally reimburse for costs associated with supporting grants and contracts activities of the institution in a manner consistent with the formulae under which the funds were recovered. Internal university controls pertaining to the compliance requirements for sponsored project expenditures under OMB Circular A-133 are designed to provide reasonable assurance regarding the achievement of the following objectives:

1. Transactions are properly recorded and accounted for in order to permit preparation of reliable financial statements and reports and maintain accountability over assets.
2. Transactions are executed in compliance with laws, regulations and provisions of federal and state laws and in accordance with sponsored agreement terms.
3. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Research and other sponsored program awards to the 16 UNC campuses totaled $1.016 billion for FY 2003-04 with about two-thirds of this from federal sources. State and local governments provide less than 10 percent. Among public university systems, in the latest national survey (FY 2002), UNC ranks third in science and technology research expenditures, behind only the University of California and the University of Texas systems. Grants and contracts support thousands of individual projects that improve human health, understanding of the natural world, education, national defense, and other areas critical to the nation and state. Not only do grants and contracts support leading-edge science and public service, but these funds are also used to support the state's workforce. Grants and contracts support salaries for faculty, post-doctoral fellows, staff, graduate assistants, and undergraduates, all of whom keep UNC campuses in the forefront of regional economic development and training.

In 2003-04, UNC institutions received a total of $149.4 million in facilities and administrative receipts (Attachment A). F&A receipts were expended by each campus to support costs associated with maintaining an environment conducive to conducting research

and scholarly advancement and ensuring competitiveness for attracting additional research funds. The associated expenditures of F&A receipts in 2003-04 are shown on Attachment B.

In order to provide the requested information regarding the amount and uses of facilities and administrative receipts, each campus was asked to provide a report for the 2003-04 fiscal year. The institutional responses are summarized in the following sections of this report, and individual campus examples are detailed in Attachment C. (Copies of the individual institutional responses are available upon request.)

Amount of Facilities and Administrative Receipts – 2003-04 Fiscal Year

University-wide, a total of $149.4 million was recovered in facilities and administrative receipts (see Attachment A) for the 2003-04 fiscal year. Consistent with their research missions, the two major research universities, North Carolina State University (18.9%) and UNC-Chapel Hill (68.9%), accounted for almost 88 percent of the University-wide total. As shown on Attachment A, five institutions – East Carolina University, North Carolina A & T State University, UNC Charlotte, UNC Greensboro, and UNC Wilmington – accounted for most of the remaining F&A receipts.

Uses of Facilities and Administrative Receipts – 2003-04 Fiscal Year

Each institution provided a programmatic summary of priorities and an object of expenditure summary of facilities and administrative receipts disbursements made during the 2003-04 fiscal year, which totaled $139.6 million (Attachment B).

. The principal priorities for programmatic expenditures were designed to:

- support research-related administrative functions;
- encourage new research activity;
- maintain and expand research infrastructure;
- provide for research support and assistantships;
- promote grantsmanship education;

- fund faculty "start-up" packages (support staff, laboratory facilities, equipment, and operating expenses);
- sustain academic programs, including the libraries;
- provide for capital improvements and debt service; and
- support strategic initiatives.

Each of the campuses also reported on its expenditure priorities for the year. The most frequently cited use of F&A receipts was to support the administrative functions related to the grants themselves. This ranged from support for campus administrative units (finance offices, contract and grant functions, controller's offices, and facilities services) to public safety positions to guarantee laboratory security to costs for clean up and disposal of unique or hazardous materials. Campuses also used F&A receipts to sponsor grant workshops for students and faculty, support academic programs, and to provide laboratory space and equipment for research. Since the expenditures by UNC-Chapel Hill and North Carolina State University account for most of the total, the following illustrative examples are drawn from their reports. Similar expenditures were made by the other campuses, but in relatively smaller amounts. Attachment C provides additional examples of the uses of F&A receipts as reported by the institutions.

UNC-Chapel Hill committed almost $30 million of its F&A receipts toward various capital improvement projects and debt service payments on additional projects. These projects included the Genetic Medicine Building, Beard Hall Renovation, Burnett Womack Renovations, Molecular Biology Research Building Renovation, Public Health Teaching and Research Center, and the School of Nursing Addition. The School of Medicine, for example, used $2.3 million in F&A funds to renovate or retrofit nine research buildings, thereby easing overcrowding, increasing safety, upgrading classrooms, and enabling new research.

UNC-Chapel Hill committed to match the 2000 bond funds with an equal amount of non-state campus receipts during the capital improvements plan approved by the Board of Governors and the General Assembly that formed the basis for the bond program. F&A receipts comprise a significant portion of the campus "match," either through direct expenditure or through the issuance of special obligation bonds to be retired from future F&A receipts. UNC-Chapel Hill issued its first series of these special obligation bonds during 2001, committing these receipts as one of the sources of debt repayment. 2003-04 was the third year of bond issuance for these projects at UNC-Chapel Hill.

Facilities and administrative receipts at UNC-Chapel Hill contributed significantly to instructional support and research of the units that generated the receipts. The academic units generating the receipts used the funds to support student fellowships and research assistantships, to provide needed equipment and furniture, to invest in new technologies to support research and training programs, and to support proposal development and grant management. UNC-Chapel Hill used F&A funds to purchase materials for library collections, to renovate and retrofit facilities, and to provide training experiences for undergraduate, graduate, and professional students. In addition, F&A receipts were used for computing resources on the campus, which included funding for faculty computers, and operational costs for classroom technologies. Classrooms were updated with computers, projectors, and sound systems to improve learning. Many research grants require matching funds, which has also been a priority for F&A receipts at UNC-CH. Examples of research grants matched with F&A funds include the following:

- Biology: "Partnership for Minority Advancement in the Biomolecular Sciences"
- Physics/Astronomy: "The Virtual Lung"
- Social Work: "Teen Media Effects Study"
- Public Health: Genomics Research

- Nursing: "Cardiovascular Health in Children," "Elder Abuse Screening," "Preventing Chronic Illness"
- Government: Strategy development for environmental protection assistance to local and state governments

During FY 2003-04, Facilities and Administrative receipts provided for the establishment of the Office of Economic and Business Development at UNC-Chapel Hill. In addition, UNC-Chapel Hill's F&A receipts were instrumental in making competitive employment offers through the provision of research support, laboratory set-ups, and scientific equipment. Faculty start-up was provided for 96 individuals in multiple departments, including: Biology, Computer Science, Chemistry, Anthropology, Linguistics, Public Health, Dentistry, Nursing, and Medicine.

Like UNC-Chapel Hill, NCSU is planning to obligate a portion of its facilities and administrative receipts toward the required campus match in the 2000 Higher Education Bond program. In 2003-04, NCSU committed 14% of its F&A receipts expenditures towards capital projects, such as Burlington Lab, West Research Annex, Partners II, the Turfgrass Facility, the Animal Health Lab, Flounder Research Facility, Centennial Campus Infrastructure, and D.H. Hill Library.

At North Carolina State University, approximately one-third of the facilities and administrative revenues were used to provide salary support for those offices supporting the research infrastructure of the campus, such as purchasing, payroll, accounting, budget, administrative computing, facilities operations, legal, and personnel. In addition, F&A receipts at NCSU were allocated to provide start-up packages and equipment for new faculty, matching costs for special research initiatives, interinstitutional programs, and facility upfits and renovations. Specifically, $123,757 in F&A funds was used in a start-up package to recruit a highly competitive faculty member to the Department of Physics and $19,500 was

used as a matching grant for a United States Air Force grant for faculty in physics and engineering that will focus on understanding friction of materials at the atomic and nanoscale level. Instruments were also purchased for a study in the Textile Engineering, Chemistry, and Science Departments at NCSU whose purpose is to develop the next generation of turnouts for first responders. The instruments will allow the researchers to do fundamental studies on polymeric materials that can be used as barriers in protective clothing. F&A funds were also used to provide equipment or matching funds for projects focused on production protocols for southern flounder (including economic analyses), identification of genes underlying production traits in poultry, and the application of genomic and proteomic approaches to the improvement of disease resistance and performance in farm animals.

In addition to the programmatic summary provided by each institution, an accounting by object of expenditure was also provided. In summary, the categories of expenditures follow:

Object of Expenditure	Amount	% of Total
Personnel services	$ 45,468,174	32.6%
Supplies, utilities, fixed charges & other current services	47,349,902	33.9%
Renovation and capital improvements projects	31,803,774	22.8%
Educational, computing and other equipment	9,497,699	6.8%
Educational awards	2,611,971	1.9%
Library materials	587,138	0.4%
Other expenditures	2,264,853	1.6%
TOTAL	**139,583,511**	**100.00%**

University Research Facilities and Administrative Receipts Reporting Policy

Recognizing the need for uniform policies and procedures for reporting University research facilities and administrative receipts, the Board of Governors at its meeting on March 6, 2002, adopted a new policy statement. A copy of the policy is attached (Attachment D).

The requirements of the policy are:

1. UNC institutions determine expenditure of F&A receipts. The chancellor of each constituent institution shall expend F&A funds only to support scholarly development of its faculty, staff and students or to ensure that the campus infrastructure is supported to enhance such scholarly activities.
2. In a format to be provided by the Office of the President, each campus will report by December 1, the amount of F&A funds received, amount expended by purpose, and uncommitted balance. A report will be made to the Board of Governors at the February Board meeting.
3. Chancellors shall formulate and submit a copy of an administrative procedure for the use and reporting of F&A funds to the President, consistent with Board of Governors' guidelines for the expenditure of F&A funds.

University of North Carolina
Facilities and Administrative Receipts, 2003-04

Institution	2003-04 Receipts	% of TOTAL
Appalachian State University	$ 478,552	0.3%
East Carolina University	3,136,267	2.1%
Elizabeth City State University	410,846	0.3%
Fayetteville State University	369,233	0.2%
North Carolina A&T State University	2,778,349	1.9%
North Carolina Central University	1,183,395	0.8%
North Carolina State University	28,208,280	18.9%
UNC Asheville	124,387	0.1%
UNC-Chapel Hill	102,932,940	68.9%
UNC Charlotte	2,595,790	1.7%
UNC Greensboro	3,866,958	2.6%
UNC Pembroke	231,270	0.2%
UNC Wilmington	1,975,803	1.3%
Western Carolina University	286,612	0.2%
Winston-Salem State University	440,698	0.3%
UNC-General Administration	430,008	0.3%
TOTAL	**$149,449,388**	**100%**

University of North Carolina
Facilities and Administrative Expenditures, 2003-04

Institution	2003-04 Expenditures	% of TOTAL
Appalachian State University	$ 444,613	0.3%
East Carolina University	2,520,782	1.8%
Elizabeth City State University	330,640	0.2%
Fayetteville State University	176,448	0.1%
North Carolina A&T State University	2,060,676	1.5%
North Carolina Central University	509,279	0.4%
North Carolina State University	25,685,061	18.4%
UNC Asheville	121,215	0.1%
UNC-Chapel Hill	100,722,071	72.2%
UNC Charlotte	113,405	0.1%
UNC Greensboro	3,159,414	2.3%
UNC Pembroke	232,683	0.2%
UNC Wilmington	2,509,510	1.8%
Western Carolina University	476,748	0.3%
Winston-Salem State University	355,528	0.3%
UNC-General Administration	165,438	0.1%
TOTAL	**$139,583,511**	**100%**

University of North Carolina
Facilities and Administrative (F&A) Receipts
Examples of Usage By Campus
FY 2003-04

Appalachian State University

- An allocation of $15,000 in F&A receipts was made to the Belk Library to provide support for the acquisition of materials suitable for the research and creative endeavors of the faculty and students.
- Approximately $68,000 was used for start-up funds for new faculty.
- $75,000 of F&A receipts were used to provide cash matches for external grants that required institutional commitment.
- Approximately $22,816 was provided to the new Vivarium for continuing costs in support of the teaching and research activities of that facility.
- The Office of Research and Sponsored Programs was allocated approximately $20,000 of the receipts to support its mission of providing the infrastructure necessary for the solicitation of grants and contracts.

East Carolina University

- ECU used the largest portion of its F&A receipts to support the direct cost of the research-related administration, including the Office of Sponsored Programs, the Office of Contracts and Grants, and the Office of Technology Transfer.
- F&A receipts of $30,427 were used to purchase two sonic anemometers (measure wind speeds) and one instrument to measure the exchange of water and carbon dioxide between terrestrial flora and the atmosphere. This equipment is used in collaboration between ecologists and geographers as research is done on the study of land use change and its impacts on energy, water and gas exchanges between biota and the atmosphere. This research is important in understanding global climate changes.
- Some of the F&A funds at ECU have been used to meet cost sharing requirements for grant submissions of investigators, as well as to support the purchase of necessary equipment.
- F&A funds of $48,547 were used to install a security system in the Warren Life Sciences Building, thereby creating the type of secure environment required by some granting agencies.
- ECU used $43,950 in F&A receipts to purchase a sputtering system and a critical point dryer needed for ECU's electron microscopy research facility.
- In 2003-04, $17,500 in F&A funds was used to support two workshops at ECU for High School Science teachers from eastern North Carolina. This is a beneficial program to update teachers on progress in science and provide an opportunity for the teachers to meet with ECU faculty.
- ECU used $75,000 in F&A funds to purchase a Spectrometer for collaborative grant activities.

Elizabeth City State University

- ECSU used F&A receipts to pay for Sponsored Program Administration and additional support staffing, including a Contract and Grants Accountant.
- On-campus seminars and training workshops were provided for ECSU faculty and staff to enhance proposal writing and grants management skills.

Fayetteville State University

- F&A receipts in 2003-04 were used to promote grantsmanship workshops and to cover general operations related to the grants (Business Office, Sponsored Research, etc.).

North Carolina Agricultural and Technical State University

- NCA&TSU used 2003-04 F&A receipts to offer graduate assistantships, a practice that contributes greatly to the recruitment and retention of exceptional graduate students. An additional group of undergraduate students benefited from F&A receipts that were set aside to provide scholarship opportunities for exceptional undergraduate students in the various research intensive majors.
- F&A receipts at NC A&T were used to strengthen technology transfer by continued funding for intellectual property disclosures, faculty and staff development, and seed funding for new innovations. This has resulted in a more competitive technology portfolio, increased exposure to the intellectual assets of the university, and greater capability to engage in industry collaborations and community outreach for economic development.
- In 2003-04, F&A funds were used to support the development of emerging interdisciplinary research initiatives in computational sciences as well as agricultural technology and safety. The support included "seed funding" for shared research support staff, laboratory acquisitions and upgrades, faculty visits to prospective sponsors, and matching funds.
- NCA&TSU used F&A funding for continued assistance in the NASA-CAR, Defense Information Systems Agency, and the Office of Naval Research programs in conjunction with the College of Engineering and School of Technology.

North Carolina Central University

- NCCU's F&A receipts benefited many academic programs in 2003-04, including Human Sciences, Biology, Chemistry, Health Education, and Physics. These funds were used to support faculty in their administration of grants and to help begin research that can lead to new grants and breakthrough developments. The Physics Department also provided computer monitors and printers for use by faculty and students, for teaching and for research projects.
- F&A funds at NCCU were used to fund expenses related to the annual audit of federal grants and programs.

North Carolina State University

- NCSU's Vice Chancellor for Research and Graduate Studies administers an allocation of F&A receipts to help support start-up packages and equipment for new faculty, provide matching/cost-sharing funds for special research initiatives and inter-institutional programs, and facility upfits and renovations.
- F&A funds at NCSU were used to invest in funding repairs to equipment and facilities.
- NCSU has prioritized F&A funds for use on the Centennial Campus – to support the continuing development of the campus through retro-fitting and constructing new research facilities and to support the Centennial Campus Development Office.
- F&A funds are allocated to NCSU's library to maintain the currency of research-related collections and services. Recent expenditures have been made to renovate space in the old Central Stores facility to provide an archival storage, acquire a new automated system, and provide for accessibility-related renovations to the library.
- The Office of Sponsored Programs and the Contracts and Grants Office at NCSU are supported through an allocation of F&A receipts for personnel costs and ongoing maintenance.

University of North Carolina at Asheville

- Facilities and administration receipts at UNCA were used to fund the auditing expenses and provide accounting support for contracts and grants.
- UNCA's Office of Sponsored Research used approximately $66,000 to offer workshops and grant-writing support to the campus.

University of North Carolina at Chapel Hill

- The academic departments that generated F&A receipts at UNC-Chapel Hill used them to fund the following:
  - Individual investigator research project support
  - Student fellowships and research assistantships
  - General operating expenses and computing services
  - Equipment, furniture, wiring and software
  - Project staff and research personnel
  - 193 Stepper Scanner for nanoscience technology research
  - Videoconferencing
  - Proposal development and grant management
  - Publishing the Injury Prevention Research Center newsletter
  - Purchase of a new integrated library system
- UNC-Chapel Hill used F&A receipts to maximize an opportunity to negotiate with SGI and DELL to fund a new computing infrastructure to meet the faculty demand for research by upgrading and replacing research computing facilities.
- General university operations and research at UNC-Chapel Hill also benefited from F&A funds. These included:
  - Horace Williams cleanup
  - Libraries
  - Center for International Initiatives
  - Clinical Trials Office
  - Women's Center
  - Undergraduate and Graduate student research awards
  - K-12 Outreach program to North Carolina schools
  - Frank Porter Graham Child Development Center
  - Center for Teaching and Learning
  - Health Careers and Access
  - Stone Center
  - Sheps Center
  - Institute on Aging
  - Highway Safety Research
- A portion of the F&A funds are used to meet obligations for new construction, renovation of facilities, debt service, enhancing technology through campus wiring and upgrades to other infrastructure. Major capital obligations, minor repairs, and renovations included expenditures on the following facilities: Genetic Medicine Building, Beard Hall Renovation, Stone Center, Smith Hall – Playmakers, Mary Ellen Jones Building, and the Science Complex Phase I.

University of North Carolina at Charlotte

- The majority of F&A expenditures at UNCC in 2003-04 were for related personnel expenditures and equipment purchases.
- Additionally, UNCC has planned large-scale capital improvements expenditures from F&A receipt balances in 2004-05 to upgrade and enhance bond-funded buildings. Additional scientific equipment will also be purchased to facilitate the research and instructional functions which are housed within these newly constructed facilities.

University of North Carolina at Greensboro

- In 2003-04, UNCG allocated F&A funds to provide 25 opportunities for faculty to improve grant-writing skills. These events ranged from video workshops for research administrators, to grant writing seminars for beginning and skilled grant writers, to brown-bag meetings with the staff of the Office of Research and Public/Private Sector Partnerships. Over 350 faculty, almost 60 students, and 200 individuals from off-campus attended these events.
- UNCG used F&A receipts to host a Small Business Innovation Research and Small Business Technology Transfer program for UNCG faculty and community small business owners.
- UNCG's F&A receipts supported the undergraduate research program by providing for 134 undergraduate research assistantships. In addition, the receipts supported an Excellence Day presentation for 52 undergraduate research assistants to show their research, a training workshop for faculty on preparing competitive proposals to procure funds to support an undergraduate researcher, a workshop for students on how to make effective research presentations, and the development of a webpage for information on the undergraduate research program.
- F&A funds at UNCG have also been used to support the research-related infrastructure:
  - A new Assistant Director position was funded in the Office of Sponsored Programs, to develop and monitor post-award agreements and actions.
  - The responsibilities associated with research compliance were transferred from the Office of Sponsored Programs to a new Office of Research Compliance, for which a Director was hired.

University of North Carolina at Pembroke

- UNCP's F&A receipts supported a full-time Research/Training Coordinator/Assistant Director position and an Administrative Assistant position in the Center for Sponsored Research and Programs, as well as a part-time contractual position. These positions are responsible for: identifying and distributing appropriate grant and contract competition announcements; supporting proposal development and submission; networking; and training faculty and community participants in grant research and writing.
- UNCP uses F&A receipts to fund related audit activities.

University of North Carolina at Wilmington

- Salaries and benefits for UNCW's Office of Sponsored Programs and the Center for Marine Science are supported from F&A receipts.
- Using F&A receipts, UNCW purchased a 500Mhz High Performance Digital NMR Spectrometer to support researchers in Chemistry Department, Biology Department, and the Center for Marine Science.
- UNCW also used F&A receipts to renovate scientific laboratories in Science and Behavior Science and Deloach Halls, supporting the departments of Psychology and Physics.

Western Carolina University

- F&A receipts at WCU provided support funds for student recruitment and retention efforts including promotional materials and marketing initiatives. One example was the Power Your Mind Spring Tour, where Western representatives and other support offices held instant-decision recruiting events in several North Carolina locations.
- WCU's Catching the American Dream: A Summit on Entrepreneurship (November 2003) was supported by F&A receipts. The Summit provided organizations and individuals a chance to meet with some of North Carolina's major strategists and policy leaders in the area of small business start-up, and to hear success stories as well as the strategies that were employed.
- F&A receipts were also used to support audit costs related to grants and contracts, fund operating expenses of the Office of Grants Management and Research, and sponsor a proposal writer's workshop.

Winston-Salem State University

- WSSU used 2003-04 F&A receipts to provide funds for student enrichment programs, such as the Minority Science Outreach Program, Summer Honors Program, and Accelerated Nursing Program.
- F&A receipts at WSSU were also used to fund related staff positions in Academic Affairs and Finance and Administration.

University of North Carolina General Administration

- F&A receipts at UNC General Administration were used to fund related administrative infrastructure costs, including
  - a research associate position and operating costs to administer A-102 and A-110 compliance standards and to manage pre-award and post-award operations
  - the establishment and maintenance of the negotiated F&A rate proposal and the UNC Cost Allocation Plan
  - staff development for OMB Circular A-87, A-110, and A-133 compliance training
- F&A receipts were also used to cover administrative overhead costs for central administrative cost pools and fund unfunded cost-sharing requirements for grant proposals.

8/

Attachment D

POLICIES

The University of North Carolina

Board of Governors

Number 500.5
Adopted: 3/6/02

University Research Facilities and Administration Receipts Reporting Policy

Purpose

The University of North Carolina receives reimbursement of Facilities and Administration (F&A) costs related to grants and contracts and is expected to allocate these funds within the appropriate state and federal guidelines. Pursuant to the provisions of Senate Bill 1005, Section 31.14 (2001), the UNC Board of Governors is required to report to the Joint Legislative Education Oversight Committee by March 1, each year, the amount of overhead receipts for the University System and the use of those receipts.

Background

F&A costs (sometimes called indirect or overhead receipts) are calculated for such items as facilities maintenance and renewal, libraries, salaries of technical, compliance and administrative personnel, equipment, scholarly development, and facilities support. F&A rates are set by negotiation between the federal government and each university. Lower rates are often established statutorily or by policy by certain programs and sponsors.

Under federal OMB Circular A-21 indirect costs generally reimburse for costs of the grants and contracts operations of the institution and other overhead expenses of the university in a manner consistent with the formulae under which the funds were recovered. Internal university controls pertaining to the compliance requirements for sponsored project expenditures under OMB Circular A-133 are designed to provide reasonable assurance regarding the achievement of the following objectives:

1. Transactions are properly recorded and accounted for in order to permit preparation of reliable financial statements and reports and maintain accountability over assets.
2. Transactions are executed in compliance with laws, regulations and provisions of federal and state laws and in accordance with sponsored agreement terms.
3. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Requirements

1. UNC institutions determine expenditure of F&A receipts. The chancellor of each constituent institution shall expend F&A funds only to support scholarly development of its faculty, staff and students or to ensure that the campus infrastructure is supported to enhance such scholarly activities.

2. In a format to be provided by the Office of the President, each campus will report by December 1, the amount of F & A funds received, amount expended by purpose, and uncommitted balance. A report will be made to the Board of Governors at the February board meeting.

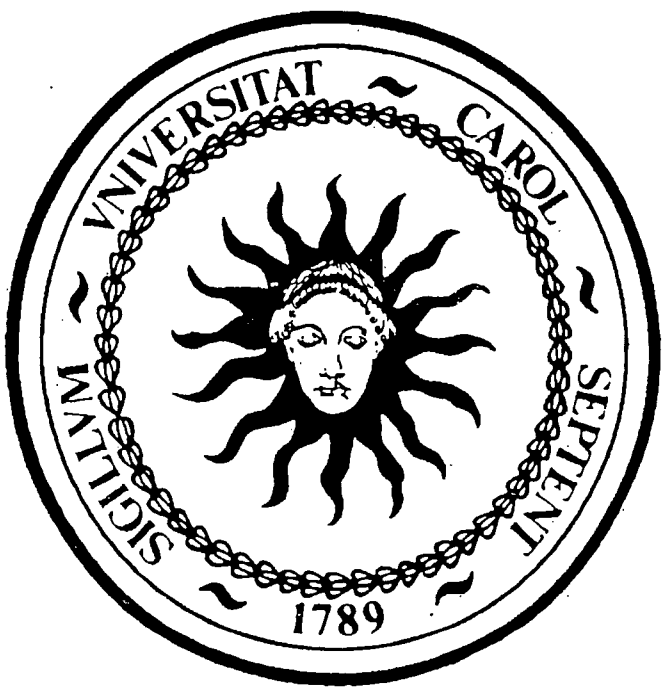
3. Chancellors shall formulate and submit a copy of an administrative procedure for the use and reporting of F&A funds to the President, consistent with Board of Governors' guidelines for the expenditure of F&A funds.

Strategic Initiatives Reserve Funds

- President Broad has $4 million a year to address systemwide opportunities and concerns
- The FY 03-04 funds were spent as follows:

UNC Bond Program Oversight	$2,125,000
UNC Coastal Studies Institute	500,000
ECSU Pharmacy Program	500,000
UNC Economic Developmental Portal	200,000
Unified Data Model	125,000
K-12 programs	200,000
UNC Department of Defense Research Initiative	350,000

Report to the
2005 North Carolina General Assembly
Joint Legislative Education Oversight Committee



The University of North Carolina
Strategic Initiatives Reserve
2003-04

March 1, 2005

First appropriated in 1999, the Strategic Initiatives Reserve is used by the University to capitalize on systemwide opportunities and address systemwide issues and concerns. This funding enables the President to explore new initiatives and foster collaboration and partnerships among the campuses. For the 2003-04 fiscal year, the North Carolina General Assembly appropriated $4,000,000 for the Strategic Initiatives Reserve. Projects and collaborative efforts funded from this Reserve are identified below.

UNC Bond Program – Oversight and Compliance – $2,125,000

In the 2000 legislative session, the North Carolina General Assembly authorized a referendum on the November 2000 ballot for voters to approve $3.1 billion in higher education construction bonds, $2.5 billion to be invested in the 16 UNC campuses and affiliated entities. Seventy-three percent of North Carolina's voters approved the proposed bond issue in November of that same year. Since that time, the statutorily created Higher Education Bond Oversight Committee, the UNC Board of Governors, the President, and the 16 chancellors have stood accountable for expediting the construction. To provide effective oversight of the program, funds from the Strategic Initiatives Reserve were allocated to secure construction expertise, ensuring that projects are on schedule and that cash flow availability is matched to campus needs. Improving the use of Historically Underutilized Businesses is also an important initiative and funds have been directed towards this goal. The Reserve further provided for four construction audits to ensure that funds are spent appropriately and that campuses are effectively utilizing the improved construction delivery methods authorized by the General Assembly. Additionally, funds were used to purchase and install Primavera Enterprise, the industry standard in multi-project construction management and cash flow analysis software.

UNC Coastal Studies Institute – $500,000

Strategic Initiatives Reserves were used to provide funding to undertake research, offer educational opportunities, and provide community outreach programs that embrace the unique history, culture, and environment of the maritime counties of northeastern North Carolina through the establishment of the UNC Coastal Studies Institute. Research at the Institute will focus on 1) maritime history and nautical archaeology, 2) coastal processes, 3) estuarine ecology, and 4) tourism and coastal resource management. The Institute is integrally involved with programs at East Carolina University, Elizabeth City State University, North Carolina State University, UNC-Chapel Hill, and UNC Wilmington.

Joint PharmD Program with Elizabeth City State University and UNC Chapel Hill – $500,000

Strategic Initiatives Reserves were used to provide funding to identify the feasibility and operation requirements to establish a joint PharmD program between Elizabeth City State University and UNC-Chapel Hill. The initiative will identify and develop cooperative partnerships to leverage each campus's facilities, faculty and distance education applications to maximize UNC's investment on this instructional endeavor.

UNC Economic Development Initiative – $200,000

Funding from the Strategic Initiatives Reserve was used to provide the requirements document to guide the design and implementation of the UNC Economic Development Portal. The requirements document outlines an enterprise-based system that will link academic resources in North Carolina with the business community to support economic development and growth across the state.

UNC Education Partnership Initiative – $200,000

The University provided funding to foster sponsored program funding and assistance for new and existing K-12 educational programs including the following: 1) strengthening the mathematics and science curriculum; 2) assisting North Carolina and the Institute of Education Sciences in establishing the Center on Rural Education, Center for Low-Performing Schools, and Mid-Continent Regional Education Lab initiatives; 3) assisting with UNC public school research expansion initiatives, and 4) assisting with the Education Research Conference program implementation on Accountability and Data Warehousing in Higher Education.

UNC Department of Defense Research Initiative – $350,000

Strategic Initiatives Reserves were used to assist UNC in developing and implementing a comprehensive, long-term strategy and initiative that establishes the NC Partnership of public and private universities as a major source of Department of Defense research in North Carolina. The initiative will support State economic development with the creation of job opportunities in existing industries, transporting industry that moves to the State to leverage research being completed and associated human capital, and new/startup companies that result from the research being completed in the State.

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Unified Data Model – $125,000

The University provided funding to begin the development of the University of North Carolina Unified Data Model for executive information and decision support functions, to serve all sixteen campuses as well as the President's Office. The data warehouse will consolidate financial data from SCT Plus and Banner, and PeopleSoft product lines – the financial systems in place or to be in place at all sixteen campuses. The data warehouse will serve UNC executive, senior financial, and research staff members in analyzing the University's overall performance and program outcomes.

Distinguished Professors
Endowment Trust Fund

- $2 million in FY 03-04.
- Increased to $8 million/year in FY 04-05.
- Focused growth campuses, UNC-A and School of the Arts have 1:1 match requirements.

  Can provide matching funds for either $500,000 or $1 million endowment.
- The seven major campuses have a 2:1 match requirement. They need $666,000 in private funds to match $334,000 in state funds.
- Since 1985, 242 endowed professorships have been created. As of October 1, 2004, there were 22 endowed professorships awaiting funding.

DRAFT

THE DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND
Annual Report
October 8, 2004

In 1985, the General Assembly created the Distinguished Professors Endowment Trust Fund. The aim was to stimulate private support and commitment to strengthen faculties and to promote excellence on the 16 campuses of the University of North Carolina. The trust fund was established to enable each institution to receive and match challenge grants to create endowed chairs for distinguished professors.

The original legislation provided for matching grants on the basis of one dollar in State money to be allocated for every two dollars raised in private funds. In 2003, the General Assembly amended the statute to change that ratio to a one-for-one basis for constituent institutions designated as "focused growth institutions" or as "special needs institutions."

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Focused growth institutions included Elizabeth City State University, Fayetteville State University, North Carolina A&T State University, North Carolina Central University, The University of North Carolina at Pembroke, Western Carolina University, and Winston-Salem State University. Two others, the North Carolina School of the Arts and The University of North Carolina at Asheville, were designated as special needs institutions.

The seven remaining institutions, Appalachian State University, East Carolina University, North Carolina State University, The University of North Carolina at Chapel Hill, The University of North Carolina at Charlotte, The University of North Carolina at Greensboro, and The University of North Carolina at Wilmington, are still required to meet the one-for-two match set by the original legislation.

The statutes provide for two levels of endowments for distinguished professorships. The amounts required for each level depend on the designation of the institution. For the institutions still needing a one-for-two match, $666,000 in private contributions qualify

for $334,000 in State matching funds to establish a $1,000,000 endowment, and $333,000 in private contributions qualify for $167,000 in State matching funds to establish a $500,000 endowment.

For focused growth and special needs institutions, $500,000 in private contributions qualify for $500,000 in State matching funds to establish a $1,000,000 endowment, and $250,000 in private contributions qualify for $250,000 in State matching funds to establish a $500,000 endowment.

This program has been a powerful tool to stimulate private giving. Private individuals and organizations have responded to an extraordinary degree. Since 1985, appropriations and interest earnings have provided
$56,022,321.45 for the Distinguished Professors Endowment Trust Fund. As of October 1, 2004, $55,860,000 has been paid to the institutions to match private gifts of $110,640,000 for the creation of 242 endowed professorships totaling $166,500,000.

In every instance, the full private contribution has been received and matching grants have been paid from the Trust Fund to the institutions. Ninety-one of the 242 grants were for $334,000 for $1,000,000 endowments, 148 grants were for $167,000 for $500,000 endowments, and three grants were for $250,000 for $500,000 endowments.

The Distinguished Professors Endowment Trust Fund initiative has enabled the University to be far more competitive than it would otherwise be in providing attractive salaries to recruit and retain highly qualified faculty. The strong response from private donors has increased steadily the need for state matching funds. Since the 1997-99 biennium, when the General Assembly made a substantial effort to eliminate or reduce the backlog of professorships awaiting state matching funds, the annual appropriation had been only $2,000,000 in recurring money annually for the Distinguished Professors Endowment Trust Fund. The need for additional appropriations became more imperative each year.

As of September 1, 2004, an unprecedented number of professorships for which private donations have been received were in the queue awaiting State matching grants. A total of 58 professorships at nine UNC institutions were in the queue. In its 2004 session, the General Assembly responded generously to the Board of Governors' request for additional support for the Distinguished Professors Endowment Trust Fund. A total of $10,000,000 was appropriated to substantially reduce the backlog. Eight million dollars of that appropriation will be recurring money.

In September, state matching funds totaling $9,935,000 were transferred from the DPETF to create endowments for a combined total of 36 new distinguished professorships at nine institutions. Eleven of the grants were for $167,000 for $500,000 endowments, three were for $250,000 for $500,000 endowments, and 22 were for $334,000 for $1,000,000 endowments. This is the largest number of new distinguished professorships created in any year since the establishment of the DPETF.

It should be noted that the three grants of $250,000 went to North Carolina A&T State University, to North Carolina Central University, and to the North Carolina School of the Arts. These were the first grants made on a one-to-one matching basis for "focused growth" and "special needs" institutions. These institutions were clearly able to accelerate the private donations and qualify earlier for the state match as a result of the change in the matching requirements.

Remaining in the queue is one professorship that qualifies for transfer of a grant of $167,000 for a $500,000 endowment. With interest earnings on the available balance in the DPETF, this professorship should receive the necessary match by June 2005. There are 21 others qualifying for escrow for which the full private contribution has not yet been received. Of these, 11 are for $334,000 for $1,000,000 endowments and 10 are for $167,000 for $500,000 endowments.

The recurring $8,000,000 should enable the Board to provide the state match for these 21 chairs as they "mature," i. e., when the full private pledges have been paid, and also to provide the matching funds for new professorships for which full initial private funding is received. By its generous response to the Board's supplemental budget request, the General Assembly has put the Distinguished Professors Endowment Trust Fund on a firm footing. With the new level of funding, it should not be necessary for the Board to request additional appropriations for the Distinguished Professors Endowment Trust Fund in the near future.

Committee on Personnel and Tenure

Number of Distinguished Professorships by Institution

October 1, 2004

Institution	Funded			Awaiting Funding *			Total Qualifying Professorships		
	# $500,000	# $1,000,000	Total	# $500,000	# $1,000,000	Total	# $500,000	# $1,000,000	Total
Appalachian State University	7	2	9				7	2	9
East Carolina University	9	1	10				9	1	10
Elizabeth City State University	2		2				2	0	2
Fayetteville State University	3		3				3	0	3
N. C. A & T State University	6		6				6	0	6
North Carolina Central University	9	1	10				9	1	10
North Carolina School of the Arts	5		5				5	0	5
North Carolina State University	4	19	23				4	19	23
UNC-Asheville	3	1	4				3	1	4
UNC-Chapel Hill	61	48	109	10	11	21	71	59	130
UNC-Charlotte	17	7	24	1		1	18	7	25
UNC-Greensboro	6	5	11				6	5	11
UNC-Pembroke	3		3				3	0	3
UNC-Wilmington	7	1	8				7	1	8
Western Carolina University	4	4	8				4	4	8
Winston-Salem State University	5	2	7				5	2	7
Total Professorships	**151**	**91**	**242**	**11**	**11**	**22**	**162**	**102**	**264**

**Includes professorships qualifying for escrow and transfer -- 21 qualify for escrow ($5,344,000) and 1 for transfer to an institution ($167,000)*

Center for Alcohol Studies

- GS 20-7(:1) requires the payment of $50 to restore a drivers license revoked for driving while impaired. $25 of this fee is deposited into the General Fund with the intent that it be used for the Center for Alcohol Studies Endowment.
- The Endowment had a balance of $7,264,797 as of December 2004. When the endowment reaches $10 million, the $25 fee to the Center is repealed.
- The UNC budget has $500,000 appropriation to the endowment for each year of the biennium.
- Funding was cut to $250,000 in 01-02 and 02-03.

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION 4-5-05

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris Bowles	UNC
Claudia Olson	UNC
Jean D. Smith	UNC
Jay Davis	UNC
Amanda Devore	UNC
RB Nelson	UNC
Olen B. Smith	UNC Charlotte
Neil C. Caudle	UNC - Chapel Hill
Eric Johnson	Daily Tar Heel
Nikki L. McDougald	Sen. Lucas' Office
Jessica Sage	NC Family Policy Council

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Hal Miller	NCAECT
Michael Houser	NCAE
John McKay	Gov Office
Barbara Walls	UTK
John Rust	NC Family Policy Council

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION 4-5-05
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Patricia Mullen	The Mullen Co
Lee Bowen	Wake Forest Medical School
[illegible]	NCICU
ANN LUKE	OUNS
Elizabeth Groves	OSBM
Bryan J Conrad	OSBM
Ann McArthur	Governor's Office
Rebecca Troxler	NCACC
[illegible]	Gov's office
Susan Harris	WCPSS
Sal Maynard	CMS

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Patricia Rambo	NCACC
Roz Savell	NCACC
Jim Dyer	SBE/DPI
Gene Causby	NCSFSA
Katherine Joyce	NCASA
Paul Hoglen	Tryon

Joint Appropriations Subcommittee on Education
Agenda
Tuesday, April 5, 2005, 2:00 P.M.
Room 421, Legislative Office Building
Rep. Tolson, Presiding

I. Welcome

II. Hunt Institute
Judith Rizzo, Executive Director

III. N.C. Cooperative Extension Service
Dr. Johnny Wynne, Dean, College of Agriculture and Life Science

IV. Small Business and Technology Development Center (SBTDC)
Scott Daugherty, Executive Director

V. UNC Kidney Center
Dr. Ronald Falk, Division Chief and Professor, Nephrology

VI. Manufacturing Extension Partnership
Lynn Reese, Assoc. Director Industrial Extension

VII. Juvenile Justice Institute
Dr. Harvey McMurray, Chair, Criminal Justice Department, NCCU

VIII. Biomanufacturing Research Institute and Technology Enterprise (BRITE)
Dr. Ken Harewood, Director, Biomedical/Biotechnology Research Institute and BRITE Interim Director, NCCU

IX. Institute for Emerging Issues
Luke Bierman, Director

X. NC Progress Board
Bob Melville

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

April 5, 2005 – 2:15 p.m.

The Joint Appropriations Subcommittee on Education held a second meeting on April 5, convening after the end of the House Session in Room 421 of the Legislative Office Bldg.. Chairman Tolson presided and introduced the pages who were serving the afternoon meeting.

Members present were: Representative(s) Jeffus, Chair, Yongue, Chair; Preston, Vice Chair, Rapp, Vice Chair, Bell, Cleveland, Fisher, Hilton, Pate, and Sauls. Senator(s) Lucas, Co-Chair; Swindell, Co-Chair; Garwood, Atwater, Hartsell and Stevens.

Chairman Tolson stated that the Committee would hear from various Institutes and business programs to learn about their operations and the amount of funding they receive from the State.

Ms Judith Rizzo , Exec. Director of the Hunt Institute was recognized and explained the work of the James B. Hunt, Jr Institute for Educational Leadership and Policy. A copy of the annual report is attached as a part of these minutes. The Institute receives $500,000 from the State.

Dr. Johnny Wynne, Dean of the College of Agriculture and Life Sciences made a presentation on behalf of the NC Cooperative Extension Service. Dr. Wynne stated that they needed $3.7 million to equalize field and college faculties salaries. A fact Sheet about the NC Cooperative Extension Service is attached to the minutes and are a part of the record.

Mr. Scott Daugherty, Exec. Dir. Of the Small Business and Technology Development Center was recognized. This is a business development service of UNC. Funding comes from federal and state levels.

Dr. Ronald Falk, Division Chief and Professor of Nephrology discussed the UNC Kidney Center and the need to educate the public concerning preventive kidney disease. The receive approximately $400,000 in funding.

Lynn Reese, Assoc. Director Industrial Extension discussed Manufacturing Extension Partnership. (A copy of his presentation is attached) and is part of the record.

Dr. Harvey McMurray, Chair, Criminal Justice Dept., NCCU gave the report on the Juvenile Justice Institute. "The Institute's primary mission is to influence juvenile justice policy and practice by providing research, technical assistance and information

about resources to juvenile justice and relative agencies and the community at-large". The Institute receives $500,000 in state funds. (Please see attachment which is a part of the record).

Dr. Ken Harewood with the Biomanufacturing Research Institute and Technology Enterprise (BRITE) gave an update on the progress of the Enterprise. A new 65,000 sq. ft. building that is being built and will house all of the facilities and staff. The building is expected to be completed in early 2007. The Institute receives $500,000 in state funds.

Luke Bierman, Director, Institute for Emerging Issues said that this is a "think and do" tank at NCSU. The Institute's 2004-05 budget is $709,000 with $556,000 coming from the State. (See a copy of Dr. Bierman's remarks attached to these minutes.

The last presenter of the meeting was Bob Melville with NC Progress Board which receives approximately $237,000 in state funds. A copy of their report is also attached as a part of these minutes.

There was no further business and the meeting was adjourned at 3:20 p.m.

Rep. Joe Tolson, Chairman

Shirley Phillips, Committee Assistant

2004

ANNUAL REPORT



JAMES B[illegible], JR INSTITUTE
for EDUCATIONAL LEA[illegible] and POLICY



Phil Bredesen
Governor of Tennessee



Janet Napolitano
Governor of Arizona



Jeb Bush
Governor of Florida



Governors Don Carcieri (RI) and Mike Easley (NC)



Governors Bob Wise (WV) and Bob Taft (OH)

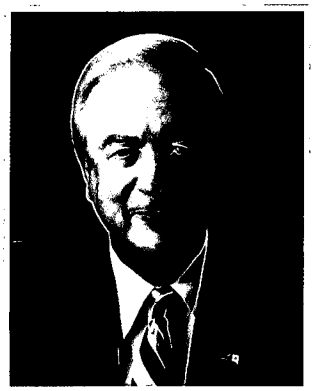


Charles Turnbull
Governor of U.S. Virgin Islands



Thomas Vilsack
Governor of Iowa

FROM THE CHAIRMAN



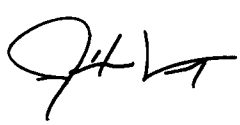
In an election year that often found the nation divided on issues, providing a quality education for all children continued to be a unifying subject for policymakers and voters. In order for the United States to remain a world leader in an increasingly global economy, the way we educate our children must also be second to none. The children of today are the inventors, innovators, explorers and entrepreneurs of tomorrow, and education is the fuel for their infinite imaginations. We are at a crossroads in our public educational system: will the visionaries of tomorrow come from India, China and Mexico or will they grow and flourish across our 50 states?

During the first of my four terms as Governor of North Carolina, this country embarked on a sweeping national shift from a low-tech, high-wage economy to a high-tech, high-wage economy. Nearly three decades later, the tides are turning again. High-tech, low-wage economies are siphoning off American jobs to countries with cheaper labor. Leaders in America must come together to demand greater educational opportunities for our children to stem this flood. We must do this through sustained leadership by state policymakers who understand the absolute link between education and economic prosperity. We must do this through encouraging every state to give each child a Smart Start. We must do this through committed leadership for education that radically rethinks how we organize our high schools, how we prepare and pay our teachers and how we measure our students' progress. And, not least of all, we must do this through for programs for exceptional children at both ends of the spectrum. Clipping the wings of our brightest kids to force all students to keep the exact same pace virtually guarantees that visionary ideas which will drive the next economic transformation will not be homegrown.

Improving our public education system is a tall order, I know. But, if the governors, lieutenant governors, state legislators, mayors, chief state school officers, superintendents, principals and teachers whom we have convened and collaborated with during this past year are any indication – America is up to the challenge – and so is the Hunt Institute.

Our work on leadership and governance, education and children's issues helps policymakers navigate through the changes necessary to promote better learning for children. This in turn, elevates the nation's status as a world leader in education and economic growth. As you will see in this report, we are working with some of the most creative and forward-thinking political, business and education leaders in the country to exchange ideas and develop strategies for educational improvement in every state for every child.

That is something on which we all can agree.



FROM THE EXECUTIVE DIRECTOR



It is hard to believe that we are about to celebrate the third anniversary of the Hunt Institute. From our first Governors Symposium in 2002 to our most recent one in 2004, we have now worked with 30 governors and have increased the number of partnerships we have formed. In just a few short years we have positioned the Institute to influence policymakers in every part of the country and on the national level.

Education is an issue that crosses state, regional and party lines and all of the Institute's programs enjoy bi-partisan support. Our Governors Education Symposia benefit from the participation of both Democratic and Republican governors who join together to probe the critical issues they all face as they work to improve education in their states. The theme of the 2004 Symposium was determined by a representative Board of Governors who identified the recruitment and retention of high quality teachers as the single most critical issue to resolve. Our thanks go to Carnegie Corporation of New York and The Broad Foundation for their generous support for the Governors Education Symposium.

Our work in states across the nation involves partnering with state education and political leaders to support and inform their education agendas. During the past two years, the Institute has also been working with the Wallace Foundation to help further its focus on developing and sustaining excellent leaders. In some states we work on specific challenges such as high school reform, including early college, middle college and career education. In others, our work is focused more generally on a variety of education issues such as teacher quality, mentoring, school leadership, turning around low-performing schools and higher education. The list of states with which we work continues to grow as our reputation for providing political and educational expertise has grown.

In 2004 we began a relationship with the Atlantic Philanthropies, which has recently focused its efforts on improving the conditions of disadvantaged youth ages 8 through 16 – critical ages for youth development. Governor Hunt and I believe that comprehensive and responsive support systems must be in place to meet the needs of these youngsters so that they can be more successful in school, prosper in their personal lives and make positive contributions in their communities.

In addition to our initiatives in states and on the national level, the Hunt Institute is continuing its special efforts in North Carolina. The Institute enjoys the benefits of being located in Chapel Hill as part of the University of North Carolina. This means that the many superb resources of the University system are available to inform our work. This year, with a generous appropriation from the North Carolina State General Assembly, the Hunt Institute convened its second annual North Carolina Legislators Retreat. The Retreat provided state legislators with the opportunity to think critically about the future of education in North Carolina, specifically the link between education and the economy.

I am very proud of the accomplishments of this past year and look forward to a productive year four. All that we have succeeded in doing is thanks to the incredible commitment, expertise and enthusiasm of the Hunt Institute staff and our team of senior advisers. Many of you who have partnered with us will recognize their names on the last page of this report. I also am indebted to our very wise and supportive Board of Directors who continue to guide our efforts. Governor Hunt and I wish to acknowledge the invaluable contribution that all of them have made, and together we look forward to our work ahead.

Judith A. Rizzo

TRANSFORMING LIVES

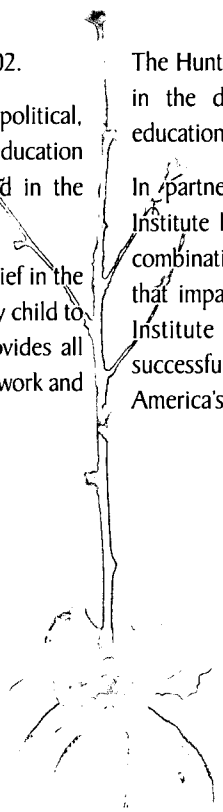
A firm belief in the transformative power of education marked Jim Hunt's 16-year tenure as governor of North Carolina. The son of a schoolteacher from rural Wilson County, Hunt brought his state's political, business and education communities together to create one of America's first comprehensive, statewide education reform efforts. In implementing his vision, Hunt strengthened pre-K through college education in North Carolina and propelled the Old North State to economic prosperity. Today, North Carolina is a national model for education reform.

To continue his leadership for education and share his vision with other states, Hunt founded the James B. Hunt, Jr. Institute for Educational Leadership and Policy in 2002.

The Hunt Institute works with incumbent and rising political, business and education leaders to improve public education and help all children succeed in the classroom and in the marketplace.

A simple vision guides the Hunt Institute's work: a belief in the life-changing power of education and the right of every child to an excellent education. A high-quality education provides all students with an equal chance at success in school, in work and in life.

A high-quality education provides all students with an equal chance at success in school, in work and in life.



This guiding philosophy has particular resonance in today's global economy. The United States is part of a borderless knowledge-based economy that places a premium on the skills and creativity that blossom from a high-quality education. Without citizens capable of innovation, states will stagnate economically, regardless of how generous they are with business tax incentives and other subsidies. In today's world, education is not simply a social good; it is good business.

In two short years, the Hunt Institute has established itself as a national leader in education policy and governance. The Institute has convened governors, policy officials and legislators from Alabama to Wyoming to share experiences and best practices. The Hunt Institute has also collaborated with individual states in the development and implementation of state-specific education plans.

In partnership with the Atlantic Philanthropies, the Hunt Institute has expanded its research and policy work into the combination of connected issues – including education – that impact children. Now entering its third year, the Hunt Institute possesses the resources and track record to successfully impact national efforts to help children become America's future leaders, innovators and entrepreneurs.

While public education is vital to a state's well-being and economic prosperity, it is buffeted by an array of conflicting political and policy winds. The task of navigating these competing currents frequently falls to governors, who are both the chief executives and chief educational officers of their states.

To keep governors informed about current educational issues and best practices, and to assist them in building the coalitions needed to advance and sustain reform, the Hunt Institute gathers governors, legislators and other elected state officials to share their successes and challenges with their peers. Such events give elected officials an opportunity, in the words of Arizona Gov. Janet Napolitano, "to talk directly with other governors about what's working in their states – that's an opportunity a governor doesn't get very often."

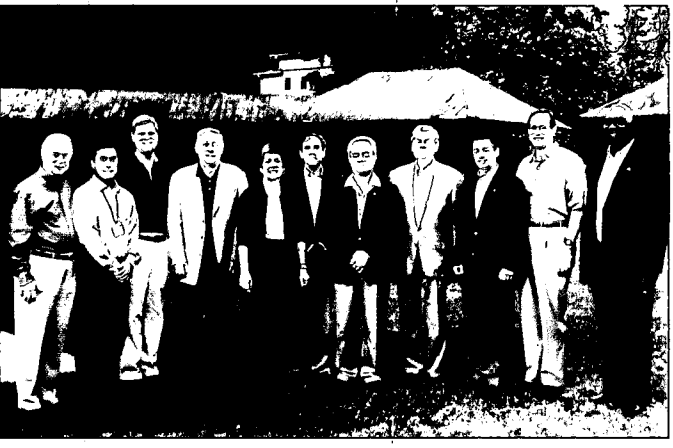
The world is changing rapidly and education needs to change with it. It was enlightening to hear the different perspectives at the Governors Education Symposium. The speakers were terrific and the content significant.

Governor Tim Pawlenty, Minnesota

2004 GOVERNORS EDUCATION SYMPOSIUM

Designed by governors, for governors, the Governors Education Symposium is the only forum in the nation dedicated entirely to education issues where governors engage in frank, collegial discussions with one another on the political and policy challenges they face in improving education in their states.

The 2004 Governors Education Symposium, *Education in Your State: Attracting and Keeping Excellent Teachers*, convened June 10-12 in Asheville, North Carolina. Over the course of two and a half days, a bipartisan group of governors, spouses and education advisers representing 22 states and three U.S. Territories engaged in a discussion on teacher quality with education leaders from across the nation.



Some Governors at the Hunt Institute's 2004 Governors Education Symposium

Teacher quality is front and center in state policy discussions as governors, legislatures and school districts work to meet the requirements of the federal No Child Left Behind Act, which mandates that all teachers be "highly qualified" by the 2005-06 school year. Meeting these requirements presents policymakers with significant challenges as they seek to fill the hundreds of thousands of teaching positions that will become vacant over the next decade.

Using the Teaching Commission's recent report, *Teaching at Risk: A Call to Action*, as a framework, the 2004 Symposium focused on the three factors identified in the report as critical to ensuring high quality teachers: compensation and performance, leadership and teacher support, and teacher skills and preparation.

Made possible through the generous support of Carnegie Corporation of New York and The Broad Foundation, the Hunt Institute's Governors Education Symposia have, to date, afforded governors from half the states across the nation the opportunity to engage with one another in a dialogue on how to set their education agenda and le education reform at the state level.

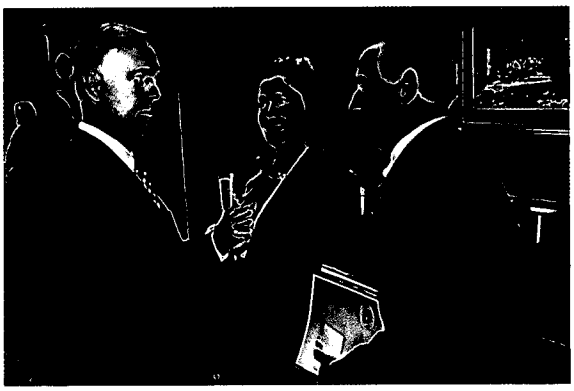
LEGISLATORS RETREAT

While its focus is national, the Hunt Institute has a special relationship with North Carolina. The Hunt Institute strives to serve as a resource to North Carolina political, business and education leaders as the state continues to improve education. In turn, the state serves as a laboratory in which the Hunt Institute creates model programs for innovative ideas in education.

The Institute's North Carolina Legislators Retreat is one such program. In November 2003, the Hunt Institute piloted its first North Carolina Legislators Retreat. Co-sponsored by the leadership of the North Carolina General Assembly and Governor Mike Easley, the Retreat presented a forum for legislative leaders to hear from nationally recognized experts on educational equity, student assessment and demographics and to discuss the critical issues facing North Carolina's public education system. The dialogue encouraged legislators to re-examine goals for the state's education system and explore new strategies to keep the state on the road to continuous school improvement.

Feedback from the more than 50 participating legislators from both political parties was overwhelmingly positive. So positive, in fact, that the General Assembly created a special appropriation to fund the 2004 North Carolina Legislators Retreat, which examined the link between education and economic growth in North Carolina. Sessions at the 2004 Retreat focused on ways to attract strong business investment and sustain economic growth in North Carolina by better preparing students to enter the job market with appropriate knowledge and skills. The Retreat also considered two of the most critical factors that influence student achievement: how to create successful high schools and how to recruit, prepare and retain excellent teachers.

The format of the North Carolina Legislators Retreat holds great promise for other states to follow in bringing their legislative leaders together in a constructive dialogue that can lead to significant educational improvement. By encouraging legislators to gain access to the best available information on the status of their education systems and to probe what the extensive data that flow from educational research mean for policy, legislation and investment in education, the legislator retreat program helps lawmakers make well-informed decisions on how to apply resources to improve student achievement.



*Governor **Mike Easley** and North Carolina State Representatives **Margaret Dickson** and **Richard Glazier***

LIEUTENANT GOVERNORS SYMPOSIUM

In conjunction with the National Lieutenant Governors Association, the Hunt Institute is planning an education symposium for lieutenant governors. Modeled after the Governors Education Symposium, this two-day event will be tailored to the needs of lieutenant governors as educational policy leaders, and as present and future political leaders of their states.

The proposed Lieutenant Governors Education Symposium will focus on the role of a lieutenant governor in developing state educational policy. The symposium will be structured to provide maximum opportunities for lieutenant governors to exchange ideas with other incumbent and former lieutenant governors, former governors and national education leaders; to learn from each other's experiences and to discuss how to be more effective as educational leaders. The event is scheduled for fall 2005.

A chasm between the policymaking and academic communities that generate ideas and the front-line teachers and administrators responsible for implementing those ideas often bedevils education reform. This is especially true of efforts to improve teacher quality and cultivate local educational leadership among classroom staff, district officials and elected board members. To bridge the gap between ideas and implementation, the Hunt Institute participated in two programs in 2004 devoted to improving teacher recruitment, training, development and retention.

DEANS COUNCIL



Molly Corbett Broad,
President, UNC

In partnership with the University of North Carolina Division of University-School Programs, the Hunt Institute convened all UNC deans of education and North Carolina superintendents from throughout the state in July 2004. The superintendents represented districts varying in size and demographics from metropolitan Charlotte-Mecklenburg to rural Hertford County.

The daylong event on the campus of UNC-Chapel Hill provided deans and superintendents with an opportunity to meet and discuss mutual concerns related to the recruitment, preparation and professional development of teachers. Gov. Hunt and Dr. Rizzo helped frame and facilitate the day's discussions. Breakout sessions deepened participants' understanding of the challenges facing schools and districts and profiled innovative partnerships between local school districts and their local UNC campuses.



STATE ACTION FOR EDUCATION LEADERSHIP PROJECT (SAELP)

Funded by The Wallace Foundation, SAELP is a multi-state initiative designed to strengthen the capacity of district and school leaders – including administrators and principals – to raise student achievement. SAELP encourages states to develop and implement plans for preparing school and district leaders to work effectively; provide incentives for recruiting school leaders; and promote effective working conditions that result in improved student achievement. SAELP focuses on ensuring that state laws and policies are aligned with these goals and coordinated with local efforts. Currently, SAELP provides funding to 21 states.

The Hunt Institute joined the SAELP project in November 2003 to assist governors in their efforts to improve educational leadership in their states as both a goal and as a means to continue public education reform and raise student achievement. The Hunt Institute brings a unique perspective to this project through its core belief that governors must be the leaders in education for their state and can be a key lever for influencing education reform to improve student achievement.

To date, the Hunt Institute has worked with Governor Mark Warner (Virginia) and Governor Sonny Perdue (Georgia) and their state SAELP teams to create state-specific education agendas that focus on school leadership. The Institute's work with Governor Warner on teacher quality in hard-to-staff schools influenced the theme of the Hunt Institute's 2004 Governors Education Symposium. The Hunt Institute has worked with Governor Perdue and his staff to outline key areas of need for Georgia. As a part of the SAELP project, the Institute will continue to support both of these states as they implement education reform initiatives and develop policy proposals to advance educational leadership practices.

In addition to work in Virginia and Georgia, plans are underway for the Hunt Institute to begin assisting up to three more Wallace/SAELP states in their efforts to improve education. The Hunt Institute extends the knowledge and experience it gains through its work with the Wallace Foundation to its collaborations with non-SAELP states to further promote school leadership reform initiatives on a national scale.

Governor Hunt's commitment to children's issues spans his entire public service career. While governor, he created Smart Start, a public-private partnership that provides comprehensive, affordable, quality child care, health care and family support to North Carolina's young children and their families.

While **Smart Start** is now almost a brand name for publicly-supported preschool education, Governor Hunt's revolutionary brainchild is really much more. Launched in North Carolina in 1993, **Smart Start** is the hub that connects all the spokes in a child's community – family, church, school, government and business – to ensure that every child in the state begins school healthy, safe and prepared to succeed. In **Smart Start**, Hunt created an innovative approach for a community-based early childhood system, supported by a combination of state and private-sector investment. North Carolina was the first to fund such a statewide system that caters to the *whole child* with health, education, parent-support and child care services. Today, Hunt's pioneering program encompasses all 100 counties in North Carolina and is a model for **Smart Start** programs in more than a quarter of the states across the country.

SITE READINESS INITIATIVE

The Hunt Institute's Site Readiness Initiative for the Atlantic Philanthropies surveys current conditions in cities and states across the country to assess the status of services for disadvantaged youth. The information amassed for the project will help guide the Atlantic Philanthropies' investments aimed at improving and expanding coordinating intermediaries, direct service providers and advocacy organizations with an emphasis on after-school initiatives. Like Governor Hunt did for preschoolers with Smart Start, the Atlantic Philanthropies plans to develop children and youth networks that bring together public and private sector partners with local control to establish out-of-school time programs and initiatives.



The Site Readiness Initiative will help the Atlantic Philanthropies identify five to six states and cities ripe for large-scale philanthropic investment to assist disadvantaged youth. In early 2005, the Hunt Institute will complete work on profiles for 12 potential pilot sites. The profiles analyze the needs, resources and leadership capabilities of each site, as well as study the public will for children's issues reform, current state policies toward disadvantaged youth and coordination between the government and non-governmental sectors that exist in each potential investment site. The Atlantic Philanthropies plans to select several city/state sites for deep and sustained investment. Grants to these sites will be announced by early 2006.

LEADERSHIP & CHILDREN'S ISSUES

The U.S. Census Bureau reports that in 2000, 16 percent of all children in America lived in poverty, while 25 percent lived in families where neither parent had full-time, year-round employment. Studies show that if these children do not receive special assistance prior to beginning school, they are not likely to thrive in a knowledge-based economy, and are doomed instead to perpetuate the cycle of poverty. To ensure that desperately needed funding could have the greatest impact on these children, the Hunt Institute partnered with the Atlantic Philanthropies and the Washington, DC-based advocacy organization the Forum for Youth Investment to launch the State Readiness Initiative in 2004.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
150 Fayetteville Street Mall
Suite 2300
Raleigh NC 27601
Telephone (919) 755 3000
Facsimile (919) 755 3030

Report of Independent Auditors

To the Board of Directors of
James B. Hunt, Jr. Institute for
Educational Leadership and Policy
Foundation, Inc.

In our opinion, the accompanying combined statement of financial position and the related combined statements of activities and of cash flows present fairly, in all material respects, the financial position of the James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc. (the "Institute") at June 30, 2004, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

November 30, 2004

FINANCIAL HIGHLIGHTS

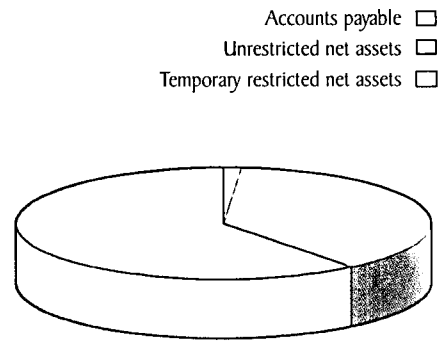
STATEMENT OF FINANCIAL POSITION

Assets

Current assets	
Cash and cash equivalents	$ 1,377,597
Total assets	$ 1,377,597

Liabilities and Net Assets

Current liabilities	
Accounts payable	$ 17,279
Total liabilities	17,279
Unrestricted net assets	526,985
Temporary restricted net assets	833,333
Total net asset	1,360,318
Total liabilities and net assets	$ 1,377,597



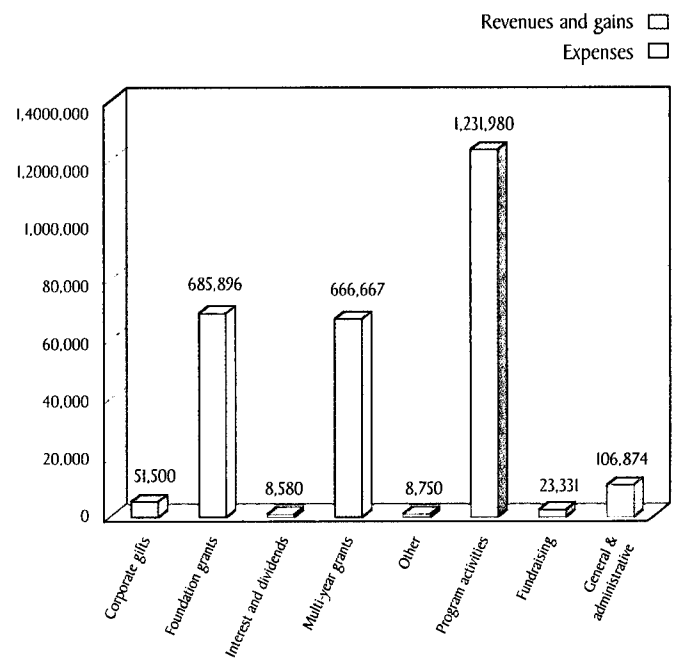
STATEMENT OF ACTIVITIES

Changes in unrestricted net assets

Revenue and gains	
Corporate gifts	$ 51,500
Foundation grants	685,986
Interest and dividends	8,580
Multi-year grants	666,667
Other	8,750
Total unrestricted revenues and gains	1,421,483
Expenses	
Program activities	1,231,980
Fundraising	23,331
General and administrative	106,874
Total expenses	1,362,185
Increase in unrestricted net assets	59,298

Changes in temporary restricted net assets

Foundation grant	1,500,000
Multi-year grants	(666,667)
Change in temporarily restricted net assets	833,333
Increase in net assets	892,631
Net assets at beginning of year	467,687
Net assets at end of year	$ 1,360,318



PRINCIPALS & STAFF

The Hunt Institute's success hinges on the talent and work of a diverse group of directors, staff, advisers and partners. These individuals possess a depth and breadth of political, public policy, business and educational backgrounds that keep Hunt Institute's leadership for education, governance and children's issues at the national vanguard.

Gov. James B. Hunt, Jr., *Chairman*

Jim Hunt served four terms as governor of North Carolina (1977-1985; 1993-2001). As governor, Hunt dedicated himself to improving education in the Tar Heel State. He championed one of the nation's first school accountability plans, raised teacher salaries and created Smart Start. Hunt also devoted himself to improving teacher quality. In the 1980s, Gov. Hunt co-chaired the panel that established the National Board for Professional Teaching Standards, which certifies accomplished teachers. Today, Hunt is a partner in Womble Carlyle Sandridge & Rice, one of the Southeast's leading law firms. Hunt continues to devote himself to bipartisan efforts to improve education in America.

Judith A. Rizzo, Ed.D, *Executive Director and CEO*

Prior to becoming the first executive director of The Hunt Institute, Rizzo served as Deputy Chancellor for Instruction at the New York City Board of Education. There, she created the Chancellor's District, targeting the city's lowest-performing elementary and middle schools. Until the program was disbanded in 2004, the Chancellor's District had unprecedented success at turning around low-performing schools and served as an effective model adopted by states and municipalities nationwide. Rizzo's accomplishments also include creating the Early Childhood Language Assessment System, New York State's first early childhood standards system, and working to build a consortium of private philanthropies to fund large-scale replication of the small high schools Rizzo studied and supported during her tenure in New York.

Staff and Advisers

William Ewell, Policy Research Associate

Karen Garr, Senior Adviser

Michael Gilligan, Chief Financial Officer

Tate Gould, Policy Research Associate

Lisa Guckian, Senior Project Coordinator

Jim Kelly, Senior Adviser

Howard Lee, Senior Adviser

Michele Lockwood, Program Assistant

Lynda McCulloch, Associate Director

Kellie Murphy, Deputy Director for Communications

Janice Nicholson, Assistant to the Executive Director

Mike Usdan, Senior Adviser

BOARDS

Board of Directors

Gov. James B. Hunt, Jr., Chairman

Evan Bayh, United States Senator, Indiana, 1999 –

Molly Corbett Broad, President, University of North Carolina

Michael N. Castle, United States House of Representatives, Delaware, 1993 -

John Engler, Governor of Michigan, 1991-2003

Joel Fleishman, Director, Center for Ethics & Public Policy, Duke University

Kati Haycock, Director, Education Trust

James Holshouser, Jr., Governor of North Carolina, 1973-1977

Robert Ingram, former CEO and President of GlaxoSmithKline

Barbara Kelley, Chair, National Board for Professional Teaching Standards

Thomas Lambeth, Senior Fellow, Z. Smith Reynolds Foundation

Charles Miller, Chairman, Meridian National, Inc.

Paul Patton, Governor of Kentucky, 1996 -2003

William Raspberry, Columnist, Washington Post

Diane Ravitch, Research Professor, New York University

Joseph and Carol Reich, Co-Founders, beginning with children, inc.

Ben Ruffin, President, Ruffin Group

Edward B. Rust, Jr., Chairman and CEO, State Farm Insurance Companies

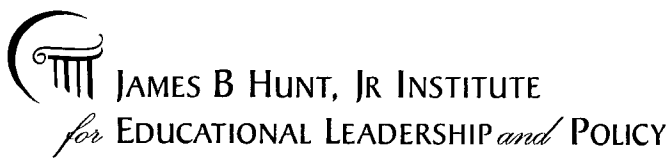
Ted Sanders, Former President, Education Commission of the States

Robert Wehling, Vice Chairman, National Board for Professional Teaching Standards

J. Bradley Wilson, Sr. Vice President, Blue Cross and Blue Shield of North Carolina

Board of Governors

A Board of Governors chaired by Gov. Hunt oversees the Governors Education Symposium and other Hunt Institute leadership and governance initiatives. A bipartisan group drawn from across the nation, the Board of Governors ensures that the Hunt Institute remains informed about the changing education policy landscape and addresses issues of particular concern to governors. Current Board of Governors members include former governors Roy Barnes (Georgia) and Marc Racicot (Montana) and incumbent governors Dirk Kempthorne (Idaho), Janet Napolitano (Arizona) and Robert Taft (Ohio).



The James B. Hunt, Jr. Institute for Educational Leadership and Policy
The University of North Carolina
P.O. Box 9380
Chapel Hill, NC 27515
(919) 843-4085 phone
(919) 843-2557 fax
hielp@huntinstitute.northcarolina.edu
www.hunt-institute.org

SUMMARY REPORT



James B Hunt, Jr Institute
for Educational Leadership and Policy

University of North Carolina
PO Box 9380
Chapel Hill, North Carolina 27515
919-843-4085
919-843-2557 fax
www.hunt-institute.org

2003 NORTH CAROLINA LEGISLATORS RETREAT

On November 19-20, 2003, the James B. Hunt, Jr. Institute for Educational Leadership and Policy convened the first annual North Carolina Legislators Retreat, in partnership with Senate President Pro Tempore, Marc Basnight; Republican Speaker of the House, Richard Morgan; and Democratic Speaker of the House, James Black. The 2003 Retreat presented a forum for legislative leaders to hear from nationally recognized experts and talk about educational equity, student assessment and demographics and other critical issues facing North Carolina's public education system. The discussion encouraged legislators to re-examine goals for the state's education system and explore new strategies to keep the state on the road to continuous school improvement.

Former Governors Jim Hunt and Jim Holshouser co-hosted the Retreat. Governor Mike Easley and business leaders from across the state also attended and contributed to the dialogue.

> ***"In most of the states in America, schools are led at the local level. Here in this state, legislators have done it differently; our biggest educational improvements have been at the state level. You are the leaders for education in North Carolina."***
>
> ***Governor Jim Hunt***

Mark Musick, president of the Southern Regional Education Board (SREB), America's first interstate compact for education, introduced the presenters and moderated the discussions. The program began with David Grissmer, senior management scientist at RAND Corporation, who provided a thorough analysis of student progress in subjects included in the National Assessment of Education Progress (NAEP) as evidence of North Carolina's remarkable progress during the past decade. Kati Haycock, executive director of The Education Trust, discussed ways in which North Carolina can close the achievement gap between the state's poorest and most affluent students. Dr. Harold Hodgkinson, director of the Center of Demographic Information at the Institute for Educational Leadership, presented information about the changing demographics of the state's student population and how schools could anticipate this change.



Representative Doug Yongue, Senator William Purcell and Senator Katie Dorsett



MAKING MONEY MATTER

North Carolina's students have made significant gains based on NAEP scores. During the 1990s, North Carolina led the nation in progress in math and was third in the nation in reading at the fourth grade level. In writing, North Carolina was one of the top five states in the nation.

Dr. David Grissmer gave credit to North Carolina's lawmakers and business community for the state's continued rise in NAEP scores. His research showed that both groups have been instrumental in creating new policies and programs and in establishing the infrastructure for education success. Lobbying by the business community has helped drive reforms which are research-driven and support accountability.

It is widely held that higher spending equals higher achievement. During the past 30 years, per pupil spending nationally has dramatically increased. Grissmer's research, however, has determined that, after factoring out increased special education, technology and social program costs, only 35% of the increased funding has been directly applied to improving academic achievement. Based on his research, Grissmer has concluded that the biggest return on education investment comes from allocations in four areas:

- Decreasing class size in lower grades
- Adding more pre-kindergarten programs
- Retaining more experienced teachers
- Providing additional resources for teachers

Statistics show that reducing class size by just three students would predict a 6% increase in scores in states with high numbers of disadvantaged students. Reducing class sizes in elementary schools would translate to significant gains for black and Hispanic students. Policymakers would do well to direct class size reduction dollars to the children who would benefit the most.

Grissmer's research also shows that it is better to reduce class size than to provide teachers with an instructional aide. Managing an assistant, he said, tends to add to a teacher's workload instead of decreasing it.

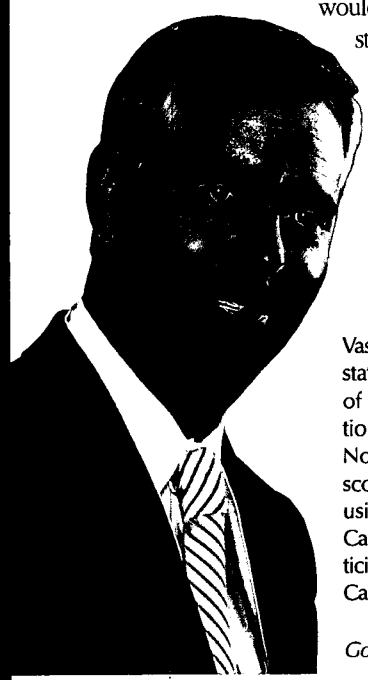
Grissmer noted that the chief predictors of higher test scores – called favorable family characteristics – include parent education, family income, the mother's age at childbirth, single parent households and the number of children in the home. When using favorable family characteristics as a measure, North Carolina has a challenging population to educate.

ELIMINATING THE ACHIEVEMENT GAP

States across the country, including North Carolina, have made major strides in education during the last 20 years. Many students today leave high school with better skills in math and science than their peers did two decades ago. Even with these impressive jumps in math and reading scores, there are still substantial gaps between white and minority students and students from different family income levels.

Kati Haycock explained that currently one in three children in a fourth grade class is trapped at a "below basic" reading level. Black and Hispanic children are over-represented in this group, but many white and Asian middle-class students also cannot read at the most basic level. The same is true for eighth grade students in math. Mastering basic math and reading skills is fundamental to accessing all other types of learning, and not having these skills in place by fourth and eighth grade has enormous implications for students' future economic status and career opportunities.

Haycock noted that when comparing students of equal achievement levels, those with higher family incomes are more likely to go to college; i.e. high-performing students from lower income families are less likely to attend college than poorer



Vastly different populations between states create an unequal distribution of families and an uneven distribution of NAEP scores; this makes North Carolina's gains in NAEP scores even more impressive. When using this measurement, North Carolina ranks eighth out of 47 participating states. Texas ranks first and California ranks last.

Governor Mike Easley

IN NORTH CAROLINA:

- North Carolina has the 11th highest minority population in the United States
- North Carolina has the 5th highest number of black students when compared to states which participated in the NAEP test between 1990-2000
- 20% of the 4th graders who to the NAEP test have parents wi an education level below th national average
- North Carolina has the 5th highe percentage of single parent fam lies when compared states taking the NAEP te
- North Carolina's average fam income is below the natior average

"Your presence here at this Retreat fulfills part of the dream and the hope of the Hunt Institute that our own policy makers in North Carolina would come together in a serious agenda, evaluating where we are, celebrating the remarkable progress we've made and never being satisfied that we have arrived at the place we want and need to be for North Carolina."

Molly Broad – President, University of North Carolina



Governor Jim Hunt and UNC President Molly Broad

performing students from higher income families. Unless educators and lawmakers are prepared to assert that children from higher income families are simply smarter than kids from lower incomes, there is something wrong in pre-K-12 and higher education.

Haycock put this information in context for North Carolina lawmakers, showing that the state is above the national average in many areas and has made enormous progress in others. North Carolina ranks first in math across the board for progress made and is first in reading growth for white students and fourth for black students. In the last decade, North Carolina has made substantial gains in moving large numbers of children out of the "below basic" learning category. However, Haycock detailed five actions necessary for continued progress:

Set the Right Goals

Appropriately setting goals and benchmarks is one of the reasons North Carolina has seen dramatic improvement. Based on the success North Carolina has already achieved, lawmakers should begin to raise the standards of state assessments to bring them in line with NAEP.

2. Develop and Follow a Systematic Approach to Teaching

Systematic approaches to teaching and learning help poor and minority students make the largest gains. Schools that provide clear goals and a well defined scope and sequence of what students should know and be able to do have the most success. Schools that follow this approach do not wait until an end-of-grade test to see how students are learning. Benchmark assessments are conducted at regular intervals throughout the school year to identify students who need targeted intervention and teachers who may need coaching and additional resources to meet the needs of these learners.

3. Make High School Coursework More Rigorous and Relevant

Haycock's data show that the nation's high schools are in trouble. Many students do not graduate and many who do are not equipped with the skills and knowledge to succeed in college or the workforce. Many other students are leaving high school not because it is too hard, but because it is too easy. The single strongest predictor of whether or not students will succeed in college or in the workforce is the quality and rigor of the high school curriculum.

Improving Teacher Quality

Research shows that children who have three high quality teachers in a row will excel, regardless of family background, while students who have two weak teachers consecutively may never recover academically. If educators can find a way to give disadvantaged students five good teachers in a row, the achievement gap could be closed completely.

5. Make Good Schools Good for All Students

While there are many examples of good schools in which students are generally high-achieving, minority students in these same schools lag behind. Lawmakers should closely evaluate the standards that schools must meet and re-define "high-performing schools" as those that close achievement gaps for all populations they serve.

DEMOGRAPHIC SHIFTS AND PUBLIC SCHOOL POLICY

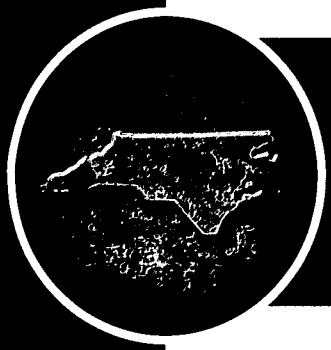
Dr. Harold Hodgkinson presented data that show the demographic make-up of families in America is dramatically shifting. Gone are the Norman Rockwell days of fathers working and mothers staying at home with the children. The largest numbers of children are now raised by two different groups – two working parents or single working mothers – meaning that people other than mothers and fathers are responsible for a child's pre-K education foundation. Therefore, it is vitally important for educators and policymakers to shift their focus to the preschool years to help children from all backgrounds achieve academic success.

Children who live in poverty suffer from a lack of access to enrichment and summer programs. When children are tested prior to kindergarten, children in poverty and from higher income families show the same achievement gap as when they leave kindergarten. This gap grows drastically during the summer between kindergarten and first grade, as children from higher income backgrounds are able to take advantage of greater educational opportunities external to school. Hodgkinson said that North Carolina is helping to close this gap through Smart Start and More at Four, but that gaps are still evident.



Wake County Superintendent Bill McNeal

North Carolina has a more stable population than states like Florida, but its population is also more transient than states like Maine, which have such static school populations that these states have been able to maintain high education



standards relatively easily. By 2010, most public schools in the country will have a majority of "non-white" populations because of the influx of Hispanic and Asian students. This creates instructional dilemmas for schools, particularly those in non-metropolitan areas which are less-equipped to handle demographic change.



Governor Jim Holshouser, Senator Tom Apodaca and Senator John Garwood

Hodgkinson praised Governor Hunt and North Carolina legislators for their education reform efforts, noting that Governor Hunt was the first state leader who saw the need for a long-term strategy to affect and sustain educational improvements. North Carolina has also done a good job of growing businesses and industries that fuel education improvements. The Triangle area is the only place in the south, outside of Atlanta, that draws the country's new and important "creative class." These are the type of people who demand a quality education for their children and support education improvements that are beneficial to all.

A CONVERSATION WITH LOCAL SCHOOL LEADERS

In addition to national experts, legislators had an opportunity to hear from local education leaders about challenges facing their schools. A panel discussion, moderated by John Dornan, executive director of the North Carolina Public School Forum, provided an opportunity for Bill McNeal, Wake County Schools superintendent and National Superintendent of the Year; Rene Corders, principal, E. E. Smith High School; Joan Celestino, teacher, Mineral Springs A+ Academy; and Connie Brown, principal, Bruce Drysdale Elementary School, to focus on issues related to raising student performance.

Panel members agreed that maintaining high standards and a demanding and relevant curriculum taught by highly qualified teachers were clearly the most important factors in increasing student performance. A strong school principal, improved working conditions for teachers and potential incentives to attract master teachers to low-performing schools were also topics of discussion.

While all aspects of the 2003 North Carolina Legislators Retreat received high marks from the participants, legislators were especially pleased with the opportunity to talk candidly with local administrators and teachers about the many challenges they face and to seek their advice as to how state-level policymakers can help them to meet those challenges. Such discussions can strengthen school improvement efforts from the state house all the way to the school house.

CONCLUSION

The 2003 North Carolina Legislators Retreat was a unique opportunity for state legislators to hear from national experts who presented research-based information about the status of school improvement efforts in the North Carolina public schools and to seek their advice as to what steps are necessary for continued progress. Subsequent discussions throughout the Retreat remained focused on challenges at both the state and local level, and new strategies with the potential to keep North Carolina on the road to greater success began to emerge. Based on program evaluations and positive feedback from participants, the Hunt Institute will convene the second annual North Carolina Legislators Retreat in the fall of 2004.

The 2003 North Carolina Legislators Retreat serves as a pi model for similar retreats across the country. The Hunt Institut believes that the format of the North Carolina Legislators Retreat holds great promise for other states to follow in having their legislative leaders join in a constructive dialogue that can lead to significant educational improvement. By encouraging legislators to gain access to the best available information on the status of their education systems and to probe the implications educational research has for policy, legislation and investment in education, the Retreat helps lawmakers make well-informed decisions on how to apply resources to improve student achievement.

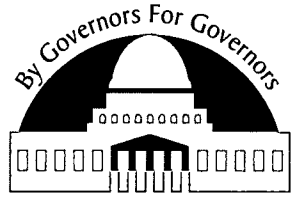
The 2003 North Carolina Legislators Retreat was made possible through the generous support of BellSouth, Blue Cross/Blue Shield of North Carolina, Burroughs Wellcome Fund, the Joseph M. Bryan Foundation and the Michael Brader-Araje Foundation.

"North Carolina is nationally known for what we do in the legislature. This Retreat is a good place for lawmakers to take a deep breath and look at where it is we started and where we want to go."

Governor Mike Easley

SUMMARY REPORT

September 2004



GOVERNORS EDUCATION SYMPOSIUM

Governors Education Symposium

June 10-12, 2004



JAMES B HUNT, JR INSTITUTE
for EDUCATIONAL LEADERSHIP *and* POLICY

Working at the intersection of politics and policy the James B. Hunt, Jr. Institute for Educational Leadership and Policy helps governors and other political, business, civic and education leaders advance and sustain education reform.



THE
OQUIRRH
INSTITUTE

The Oquirrh Institute represents corporate, government, philanthropic and educational organizations from throughout the western United States who share the belief that prosperity in the 21st century will require public policy to adapt more rapidly as technology changes our world.

BY GOVERNORS, FOR GOVERNORS

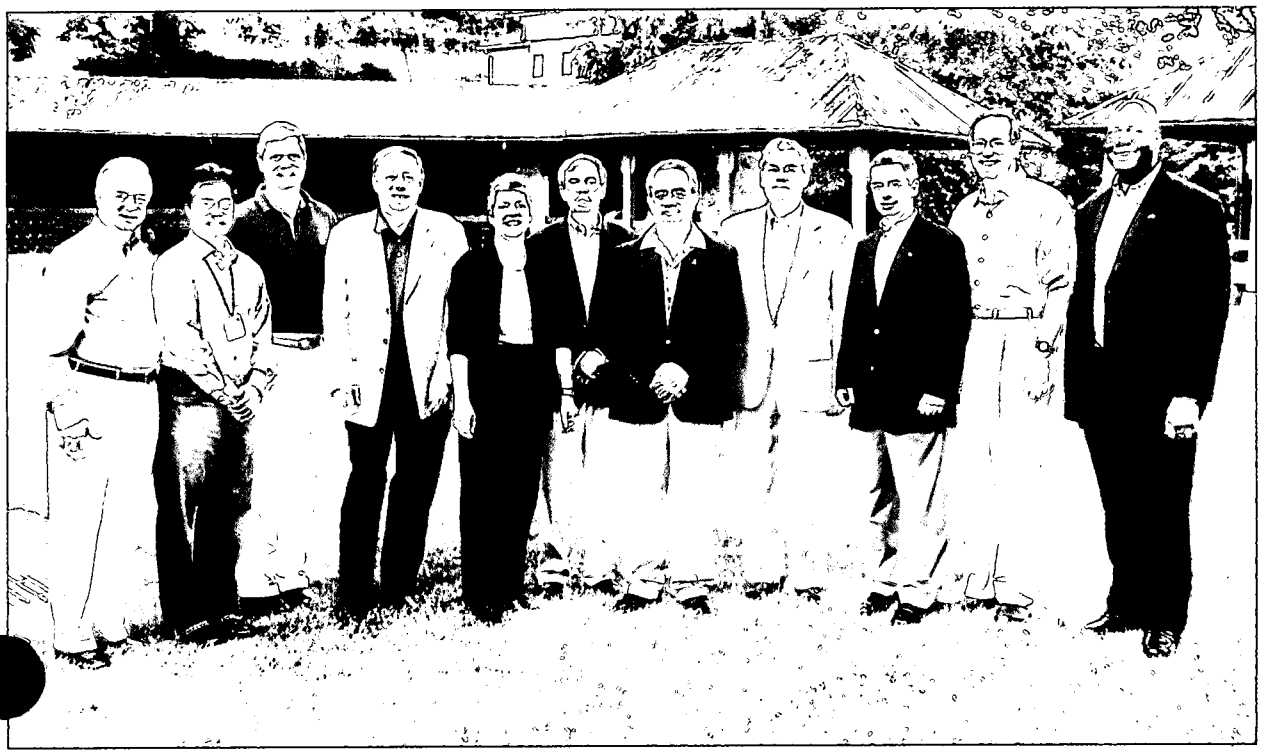
The 2004 Governors Education Symposium, ***Education in Your State: Attracting and Keeping Excellent Teachers,*** convened June 10-12 at the Inn on Biltmore Estate in Asheville, North Carolina. Over the course of two and a half days, a bipartisan group of governors, spouses and education advisers representing 22 states and three U.S. Territories engaged in a discussion on teacher quality with education leaders from across the nation. The unique format of the program combined presentations from experts with opportunities for governors to share their state's experiences and discuss how to improve teacher preparation, compensation and retention. Governors' spouses and a select group of education advisers also participated in the event. The symposium was made possible through the generous support of Carnegie Corporation of New York and The Broad Foundation.

"The world is changing at a dramatic pace and education must also change. I learned a great deal at the Governors Education Symposium and appreciated the different perspectives presented. The speakers were terrific and change oriented."

Governor Pawlenty

This year's Symposium continues the work begun in December 2002. The inaugural Governors Education Symposium, ***Education in Your State: Setting the Agenda and Staying the Course,*** was attended by more than 20 incumbent, newly elected and former governors, along with their education advisers. Together, these symposia have afforded governors from half the states across the nation the opportunity to engage with one another in a dialogue on how to set their education agenda and lead education reform at the state level.

Public education comprises anywhere from 35 to 55 percent of state budgets, making it the single largest state policy issue. As chief executives of their states, it rests with governors to lead efforts to improve education. To be effective, governors must inspire others to share their vision, develop comprehensive policies and build broad-based coalitions to support innovative, effective education policies and practices.



(Left to right) Hunt, Gov. Camacho, Gov. Vilsack, Gov. Bredesen, Gov. Napolitano, Gov. Wise, Gov. Tulafono, Gov. Carcieri, Gov. McGreevey, Gov. Taft and Gov. Turnbull

EXECUTIVE

INTRODUCTION

The Governors Education Symposium is designed "by governors, for governors" to bring the leaders of the nation's states together to engage in a meaningful and candid dialogue about pressing education issues. The Governors Education Symposium is the only forum for governors which offers frank peer-to-peer discussion on the political strategies and policy challenges of education. In preparation for the 2004 Symposium, the Hunt Institute convened a Board of Governors – a bipartisan group of former and incumbent governors – to identify the most critical education issue facing states today. As a result of their counsel, the 2004 Symposium program agenda focused on how to attract and retain excellent teachers, offering governors, their spouses and education advisers the opportunity to examine and discuss the challenge of how to ensure that all children have high quality teachers.

Teacher quality has been front and center in state policy discussions as governors, legislatures and school districts work to meet the requirements of the federal No Child Left Behind Act, which mandates that all teachers be "highly qualified" by the 2005-06 school year. Meeting these requirements present policymakers with significant challenges as they seek to fill the hundreds of thousands of teaching positions that will become vacant over the next decade.



Lou Gerstner (standing) with Judith Rizzo

Using the Teaching Commission's recent report, ***Teaching at Risk: A Call to Action***, as a framework, the 2004 Symposium focused on the three factors identified in the report as critical to ensuring high quality teachers: compensation and performance, leadership and teacher support, and teacher skills and preparation.

COMPENSATION AND PERFORMANCE

Nationally, the basic structure to determine teacher salaries has remained relatively static for almost eight decades. Few pay for performance salary structures are in place across the country, meaning that teachers tend to earn incremental raises based on their years of experience. Low base salaries, coupled with slow salary growth, prevent some would-be teachers from entering the profession and cause many others to leave the classroom within a few years. A number of states are experimenting with ways to revamp teacher compensation, including more competitive base pay, differentiated pay, career ladders and premium compensation.

Governors are uniquely positioned to rework teacher compensation in their states by applying their leadership to develop options that best fit their state demographics, political climate and budget realities. One suggested remedy to the issue of performance and compensation is to redesign the system to combine more competitive base pay with mechanisms that reward performance, offer professional advancement that keeps teachers in the classroom and create incentives for teaching in either hard to staff schools or in particular subjects (such as mathematics and science). Such a system would require states to create longitudinal data bases that track individual student and teacher performance.

Currently, school districts tend to assign the least qualified educators to teach the neediest students. Incentive structures that increase compensation for hard-to-staff schools can reallocate resources to the schools where they will have greater impact on student learning. Any improvements to the current system, however, must also better align compensation with effectiveness. By improving teacher compensation, governors can ensure that their states will gain the new teachers needed in the years ahead and retain the veterans already in the classroom.

2002 GOVERNORS EDUCATION SYMPOSIUM

On December 1-2, 2002, in Chapel Hill, North Carolina, the James B. Hunt, Jr. Institute for Educational Leadership and Policy convened its first Governors Education Symposium. More than twenty former and incumbent governors from around the nation participated in the historic Symposium: Education in Your State: Setting the Agenda and Staying the Course. Focusing on substantive education reform issues ranging from early childhood education to achievement, accountability and assessment, the Symposium was unique in its combination of dynamic discussion between governors and presenters and confidential governors-only sessions. The combination of high-level guest speakers and opportunities for governors to talk candidly in private resulted in a meaningful, substantive program that has opened the door to continuing dialogue among the nation's governors and future Governors Education Symposia.

To read or download the complete 2002 Governors Education Symposium report, visit the Hunt Institute's Web site at www.hunt-institute.org.

SUMMARY

LEADERSHIP AND TEACHER SUPPORT

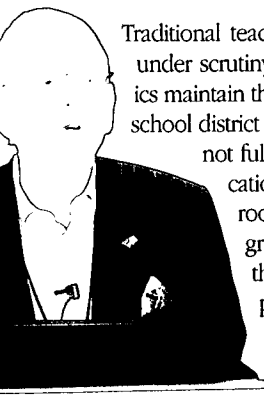
Principals struggle to hire new teachers in low-income areas, as well as for highly competitive subjects such as math and science. Schools need principals who can create an environment in which teachers can be successful – in raising student achievement, in having a satisfactory work environment and in increasing their skills. Without this on the ground leadership, the problem of schools retaining teachers will continue to worsen. Principals face the problem that professional development for teachers is often the first item to be cut from a district or school's budget during a budget crunch. States spend millions of dollars to recruit and train teachers who leave within a few years, while not investing adequate resources to keep veterans in the classroom. One study estimates the cost to recruit, train and replace a teacher who leaves after only three years at $50,000, over and above salary costs.



Governor Carcieri and Governor Easley

Governors can play a strong role in creating a system conducive to finding and keeping high quality teachers. Education reform efforts currently underway to improve school leadership and support for teachers include training principals in effective management practices; empowering principals and teachers with more site-based management authority; providing mentors for novice teachers; and restructuring professional development opportunities.

TEACHER SKILLS AND PREPARATION



Traditional teacher preparation programs have been under scrutiny for the past two decades. Some critics maintain that new teachers must be trained at the school district level to attain competency, as they are not fully prepared by many colleges of education to teach when they enter the classroom. Other critics join proponents of greater practical experience in asserting that the majority of current teacher preparation programs do not provide teachers with a rigorous enough academic grounding in subject matter. Efforts to improve the skills and preparation of new teachers include ensuring that teacher preparation schools provide a rigorous program of study in subject matter content; offer more and earlier student teaching opportunities; improve program standards and align them with state teaching standards; as well as work with alternative entry programs to ensure their conformity to standards.

Into this fray, governors can provide the leadership to broker partnerships between public schools, colleges and universities and alternative entry programs. These partnerships can help ensure that new teachers are prepared to address the unique K-12 education needs of individual states, districts and schools. In addition to asserting their leadership in this direction, governors can encourage teacher preparation schools to raise their standards and more effectively recruit better future teachers. By analyzing data that measure program effectiveness, governors can hold institutions accountable for the quality of their graduates, thereby helping to ensure that they produce effective teachers.

CONCLUSION

Improving teacher quality should not only be considered a critical education reform issue, it should be viewed as the central strategy in improving the overall condition of the state. According to the work done by Stanford economist Eric Hanushek for the Teaching Commission's report, individual productivity and earnings and national economic growth are causally connected to student achievement. Policymakers, educational leaders and the public disregard education at their peril when pressing for better, higher paying jobs and economic growth.

Armed with the knowledge that the quality of the individual teacher is the single most important factor affecting student achievement, governors must do their best to ensure that every child in their state has access not to mediocrity, but to excellence. Governors have the power to influence how their states recruit and retain members of the teaching profession. Governors also have the ability to improve educational equity in rural and inner-city schools by providing incentives to entice quality teachers – not only righting an endemic flaw in public education, but improving the communities in these disadvantaged areas.

"Often, the information governors get about education is purely ideological. The Governors Education Symposium stands apart because it is practical and data driven. The Symposium helps focus governors, particularly new governors, and give them direction."

Governor Bredesen

2004 Governors
ucation Symposium

Eli Broad

SYMPOSIU

FEATURED PRESENTATIONS

Featured presenters Eli Broad, Founder of The Broad Foundations; Lou Gerstner, Chair of the Teaching Commission; and Kati Haycock, Director of the Education Trust, were united in their message: governors are essential to improving the country's education system.

Both Broad and Gerstner spoke on the need for the concerted effort of governors to reform public education and raise teacher quality. As leaders in the private sector (and employers of thousands of American workers), both noted that the link between the economy and education is one of the most critical issues facing America today. The nation's ability to create a globally competitive workforce is directly dependent on the capacity and effectiveness of the educational system. Failure to provide an adequate education, improve the skills and increase the knowledge of American workers will have significant impact on the U.S. economy – in the immediate future and in the long term.

Broad, Gerstner and Haycock all called for a closer examination of how schools of education prepare teachers for the classroom. They also challenged governors to get serious about paying teachers what they are really worth – using differentiated pay, incentives and other benefits, such as scholarships and loan forgiveness, to recruit the best educators the nation has to offer.

Another common theme of the featured presentations was the importance of using data to drive school reform. Gerstner noted this in his plea to governors to establish a standardized process for both traditionally trained and alternative entry teachers to obtain teaching credentials.

"Standards lead to accountability, which leads to measurement, which leads to education improvements," Gerstner said. "If we wait another ten years, we will not be able to solve this problem. In the next ten years we will hire two million teachers – how we pay, retain and provide incentives for that group of people will have an enormous impact on our country."

SESSION ONE: TEACHER COMPENSATION AND PERFORMANCE

Governor Hunt moderated the Symposium's first session on teacher compensation and performance. Dr. William Sanders, Manager, Value-Added Assessment and Research, SAS Institute, opened the session with a discussion of using longitudinal value-added data to identify excellent teachers. Denver Public Schools Superintendent Jerry Wartgow, Design Team Leader Brad Jupp and Board of Education President Elaine Berman outlined how Denver developed and implemented its new pay for performance plan, ProComp.

According to Sanders, differences in teacher effectiveness are the most critical factor affecting student academic progress. Measuring those effects has been made easier by using a "value-added approach" – analyzing individual student progress across grades, within different subjects and across different subgroups. Sanders noted that, historically, states have averaged students' standardized test data according to socio-economic, ethnic or racial subgroups. This produced an aggregated view of how well students were achieving across a district or state. These test scores have been used to compare grade level scores from year to year, but have not tracked individual students. Sanders challenged governors to use this data in a different way – to follow students over time.

Sanders encouraged governors to track students in their states using the value-added approach to analyzing assessments. A useful application of constructing these longitudinal data is to quantifiably measure the affect an individual teacher has on a student's progress. "The difference between teachers is the single most important factor in student achievement," Sanders asserted. "Not race, not gender, not class size – quality of teaching."

The second presentation was from representatives of the Denver Public School system, Superintendent Jerry Wartgow, teacher Brad Jupp and board member Elaine Berman. The Denver team spoke about the Professional Compensation System for Teachers (ProComp) plan designed to replace the



Governor Taft, Governor Wise and Governor McGreevey

"The Hunt Institute has a great reputation for prompting thought on a deeper level than the typical political rhetoric. At the Governors Education Symposium, I got to talk directly with other governors about what's working in their states – that's an opportunity a governor doesn't get very often."

Governor Napolitano



Governor Camacho and Governor Napolit

SESSIONS

previous career ladder-based salary structure. ProComp's design connects teacher pay with student performance. Teachers are evaluated on a wide range of professional teaching duties, including student achievement growth, knowledge and skills, professional evaluation (peer and supervisor), as well as market incentives (location, experience, education level).

In ProComp's collaborative design process, administrators, union representatives and school board members sought to connect teacher salaries more directly with schools' goals, including offering incentives for teachers whose students show an increase in their achievement on standardized tests. ProComp eliminates automatic pay increases and replaces them with earned pay increases.

Wartgow, Jupp and Berman noted that explaining the plan to all stakeholders – representatives from teachers unions, teachers, administrators and parents – and building their support was essential to creating buy-in for ProComp. The ProComp agreement is scheduled for a referendum vote in Denver in November 2005. The referendum includes a local property tax increase of $25 million to support the new system.

EDUCATION ADVISERS SESSION

While a group of the participating governors attended the national memorial service for President Reagan, the Symposium continued with a special session for governors' education advisers. North Carolina Governor Mike Easley, Former Georgia Governor Roy Barnes, Sandy Kress (former senior education adviser to President George W. Bush) and Iowa First Lady Christie Vilsack all shared their experiences with pay for performance plans in North Carolina, Georgia, Texas and Iowa. Governor Hunt moderated the session.

Governor Barnes started the session by describing some of the steps he took in Georgia before the state was able to offer differential pay for teachers. Barnes worked with colleges of education to make subject matter majors mandatory for all teachers, linking teacher preparation to content-based expertise. Barnes said that putting a proper credentialing program in place is necessary in order to create a pay for performance system. Barnes also detailed the innovative money-back guarantee program he helped establish at the University of Georgia, which requires that the university retrain – at the University's cost - teachers who are not performing well in the classroom.

Governor Easley noted how teachers in North Carolina can receive a $1,500 bonus if their school reaches its growth goals. North Carolina also provides incentives for teachers to become National Board Certified, including paying for the registration fee and increasing their pay by 12 percent annually. Data show that board certified teachers are better teachers, Easley said, because they are committed to their own professional development. Easley also outlined his state's recent efforts with using pay incentives to attract science and math teachers for hard-to-staff schools, particularly in rural areas. North Carolina is also studying the idea of providing college tuition assistance for teachers' children at state universities and providing low interest loans for teachers.



Governor Turnbull

Sandy Kress informed the assembled governors and education advisers about how in Texas, education leaders had examined demographic and student growth data from the schools that achieved the greatest growth across like-schools and found that teacher incentive programs resulted in significant student achievement growth. Armed with these data, Dallas blended public and private funds to offer bonuses to teachers and administrators serving in the schools that showed the greatest growth. Kress said that the state made public events out of the cash awards, to the delight of teachers who were thrilled to be recognized for their achievements. He also noted that the data could also be used to identify and aid in the improvement of poorly performing teachers. The Texas Legislature, he said, is examining additional pay for performance models and is on track to create a statewide system for teacher performance incentives.

First Lady Vilsack said that, in Iowa, teacher pay is linked to licensure. Once teachers pass their licensure exam, they become level two teachers and receive raises. In order to become level three teachers and receive additional salary increases, teachers must appear before a board of their peers and administrators to demonstrate professional growth. Level four teachers are National Board Certified. Experienced teachers can also earn bonuses by serving as mentors for new teachers. Vilsack said that Iowa is also examining how to help schools create goals and offer incentives for reaching those goals. Under the proposed plan, schools would be empowered to decide how they use the incentive money and determine their own goals.

SESSION TWO: LEADERSHIP AND TEACHER SUPPORT

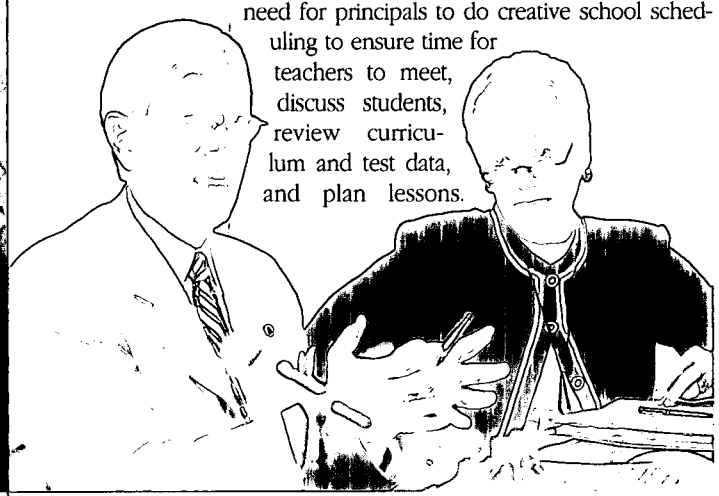
Session two focused on what states can do to recruit, retain and support excellent teachers. Governor Bob Taft moderated the session. Bob Wehling, Commissioner, National Commission on Teaching and America's Future, gave a presentation on how states can increase teacher retention by improving teacher support. Principal and National Board Certified Teacher Billie Hicklin and National Board Certified Teacher Louise Moore, from Parkway School in Boone, NC, shared their perspectives as practitioners.

SYMPOSIU

With a national yearly average of about 15 percent turnover, Wehling questioned why states treat teachers like expendable resources when value-added data demonstrate that schools with lower teacher turnover have higher levels of student achievement. With a little money and a great deal of public will, Wehling said that states could adopt business models in schools to decrease teacher turnover by increasing teacher support.

Wehling focused on business models governors could employ to recruit and retain excellent teachers, including reallocating resources to recruit and hire teachers; placing more emphasis on student teaching experience; assigning multiple mentors to new teachers during their first year in the classroom; providing access to continuous training for professional development; and rewarding and recognizing success on the job.

Hicklin and Moore echoed Wehling's suggestions. Treating teachers as professionals and acknowledging them for their work was high on the list of ways to support teachers for both practitioners. Hicklin noted that teachers do not have enough time to prepare and carry out their classroom responsibilities, leading to a feeling, especially for novice teachers, of being constantly overwhelmed. Discussion of conditions essential to producing quality teachers and keeping them included the need for principals to do creative school scheduling to ensure time for teachers to meet, discuss students, review curriculum and test data, and plan lessons.



Planning time is particularly critical. It includes time for teachers to develop lessons that will have activities, materials and assessments appropriate to the full range of students found in a typical classroom, including non-English speakers, learning disabled, gifted and physically handicapped students. Beginning teachers especially need planning time in common with veteran teachers so the novices can discuss their lesson plans and activities with experienced colleagues and simultaneously get tips on managing classroom time and behavior.

Both Hicklin and Moore suggested changing teachers to a year-round schedule to provide educators with more time to prepare classrooms, improve lesson plans, develop learning strategies and participate in professional growth development activities, such as National Board Certification or leadership academies.

Hicklin and Moore identified peer support as a critical success factor for teachers. New teachers need a connection in the school beyond the classroom, through mentors and friendships. Hicklin and Moore's school schedules time for teachers to interact on a personal level. Teachers are also given assistance with clerical tasks to allow more time for new and experienc teachers to collaborate and share ideas.

Both also noted that support from leadership is key to practitioner success. Hicklin stressed that school leaders need to support innovation and risk-taking in the classroom. Moore observed that having leaders who are excellent teachers offers the greatest support. Principals who recognize effective teaching strategies can provide coaching and training where necessary. Leadership support should come from the top, Hicklin said. She suggested that governors follow Governor Hunt's example and schedule regular times to meet and talk with teachers about the profession. "Knowing what teachers need in terms of resources is an important component of setting up teachers to succeed," said Hicklin.

Governor Leavitt with Nancy Zimpher

2004 SPEAKERS AND PRESENTERS

Eli Broad
Public Education and Governance: Better Teachers for America's Schools

Louis V. Gerstner
Teaching at Risk: A Call to Action

Beverly Hall
Preparing Teachers to Be the Critical Success Factor

Kati Haycock
Five Ways States Can Improve Teaching and Instruction ... Now

Billie Hicklin and Lou Moore
A Practitioner's Perspective

Charles Reed
Preparing a High Quality Teaching Force for California: Offering Accountability for Results

William Sanders
A Summary of Conclusions Drawn from Longitudinal Analyses of Student Achievement Data over the Past 22 Years (1982-2004)

Jerry Wartgow, Brad Jupp and Elaine Berman
ProComp: Implementing Denver's Pay for Performance Plan

Bob Wehling
How to Increase Teacher Recruitment and Retention by Improving Teaching Conditions

Nancy Zimpher
What Together We Can Do To Achieve Quality Education for All

To read or download complete presenter papers or biographies, visit the Hunt Institute's Web site at www.hunt-institute.org.

S E S S I O N S

SESSION THREE: TEACHER SKILLS AND PREPARATION

In session three, EPA Administrator Mike Leavitt (former Governor of Utah and founder of the Oquirrh Institute) moderated an examination of teacher skills and preparation. In their presentations, Charles B. Reed, Chancellor of the California State University System; Nancy Zimpher, President of the University of Cincinnati; and Beverly Hall, Superintendent of Atlanta Public Schools, discussed higher education's responsibility to prepare and provide ongoing professional development and support to teachers.



Dan Fallon

Dr. Reed challenged governors to pay more in order to improve public education – not just more money, but more attention. Reed suggested that all other policy and economic issues are tied to the success of education and offered governors several ideas for making the link explicit in their states, including paying more for math and science teachers whose expertise is desperately needed for the U.S. to maintain its competitive edge in the global economy.

Reed said that every teacher education program in a state must be accredited. Improving public schools should be the number one priority of higher education. California State University's teacher preparation model provides for continuing support for teachers after graduation. Steps taken by California State University include providing mentors to new teachers and offering access to an email system and a telephone hotline for new teachers who need help. "If we can get teachers through the first two years they will stay in the profession," he said.



Kati Haycock

Dr. Zimpher pushed governors to work with university presidents to systematically connect higher education to K-12 schools. Zimpher said that part of the solution is to hold universities accountable for the quality of the teachers they produce and for the state to provide incentives for teaching. As a university president, Zimpher uses her bully pulpit to bring superintendents and teacher unions together to focus on issues such as closing the achievement gap in reading, math and science. She said that governors can use their power similarly to broker beneficial partnerships. In Ohio, these partnerships have translated into useful programs such as literacy coaches in every school and teacher report cards issued directly to the public. Ohio has also invested in a Teacher Quality Partnership, which proposed a longitudinal study to examine teacher preparation, following on Dr. Bill Sanders' research. Zimpher said governors and education leaders can use these value-added data to understand how to better prepare teachers.

Dr. Hall said that starting a student's teaching experience as early as possible is key to creating teachers who have practical as well as pedagogical skills. She also found that the more teachers know about their subject area, the better their students perform. Therefore, secondary level teachers must major in the subject they are going to teach.

INVESTING IN AMERICA'S FUTURE

A group of speakers representing the national foundations that support the Hunt Institute's work, including 2004 Governors Education Symposium underwriters Carnegie Corporation of New York and The Broad Foundation, closed the Symposium by speaking to the governors about how their organizations are investing in America's future.

Dan Fallon, Program Chair at Carnegie Corporation of New York, outlined the three priorities for Carnegie's education division: advancing literacy, reforming urban education and teacher education. Focusing on Carnegie's teacher education reform mission, Fallon noted that there has been a dramatic paradigm shift in recent years, centering on better teacher development as a vehicle to improve student achievement. Fallon detailed Carnegie's strategy to invest $5 million in eleven key colleges of education, including the University of Virginia and Stanford University. These grants, which are matched by the colleges, are data-oriented and focused on results.

Dan Katzir, Managing Director of The Broad Foundation, said that his foundation was created to improve urban public K-12 education. Katzir described the foundation's primary areas of focus – governance, management, labor relations, charter schools and competition – and gave governors examples of each.

In one of his foundation's first public acknowledgements of its investments, Charles Roussel, Program Director for Disadvantaged Children and Youth Programs at The Atlantic Philanthropies, explained how Atlantic focuses on changing the long-term trajectories of disadvantaged children through prevention and intervention. Atlantic's initial investments in this

new field will assess city and state conditions to align funding, improve advocacy and support best practices.

Richard Laine, Director of Education at The Wallace Foundation, talked about Wallace's focus on educational leadership. Laine detailed Wallace's State Action for Education Leadership Project (SAELP) and noted that many of the governors attending the Symposium represented current SAELP states or states that are under consideration for SAELP II grants. Through SAELP, Wallace funds state efforts to establish new requirements for licensing and preparing school leaders, provide incentives for recruitment and promote effective working conditions that result in better student performance.

Stefanie Sanford, Senior Policy Officer for Education at the Bill and Melinda Gates Foundation, described the education initiative for which the Gates Foundation is best known – Small High Schools. The challenge of the Small High Schools program, she said, is to create high schools that are fundamentally different in their approaches to educational rigor and relevance for adolescents and in the relationships between teachers and students.

CONCLUSION

The student is the primary beneficiary of quality teaching – and the state is the ultimate beneficiary. Quality teaching leads to better schools; better schools attract businesses and produce educated workers that bring economic growth to the state. Quality teachers in low-income schools ensure opportunities for all students to be successful, not only in the classroom, but as citizens.

The 2004 Governors Education Symposium was designed by governors and for governors to help share and suggest ways to assist states' efforts to improve the teaching force in each state. The Symposium brought together education leaders who have implemented successful strategies to recruit and retain teachers. Assembling education experts and policy-makers together, the Symposium created an environment for the discussion and sharing of research and practical strategies for implementing education reform. Most importantly, the Symposium convened governors with one another and their education advisers to discuss how these strategies can foster improvement not just at the state level, but at the individual school level, to make certain that each student will be inspired, motivated and educated.



Governor Bush

FINDINGS AND RECOMMENDATIONS

- Current teacher compensation systems too often assign the least qualified teachers to teach the lowest performing students. Providing incentives to assign the highest quality teachers to teach the lowest performing students is a more efficient and effective method to maximize overall student performance and test scores.
- States should construct longitudinal databases to track student performance over time to evaluate the impact of teacher performance. These value-added systems can use a number of measurements of teacher performance, including student achievement growth, knowledge and skills, professional evaluation and market incentives.
- Schools should utilize business models for recruiting, training and retaining quality employees by using data driven evaluation of teachers, tracking student progress and teacher effectiveness against a clearly defined set of goals, tying compensation to performance and aligning the goals, standards and priorities of all levels of school leadership, from the teacher to the school board member.
- States should provide financial support for teacher planning and collaboration, teacher mentoring programs and professional development opportunities.
- Institutions of higher education should establish annual evaluations to measure the quality of teacher preparation programs.
- State governments should create pre-K-16 partnerships that align local school district goals and standards with teacher preparation programs.
- States should maintain databases that track teacher shortages so that funding can be applied to address shortages by targeted recruiting and preparation for teachers.
- States should institute more rigorous admission criteria for teacher preparation programs and have programs require students to major in the subject they teach.

HUNT INSTITUTE BOARD OF GOVERNORS

The Hunt Institute's Board of Governors is a bipartisan group of former and incumbent governors, chaired by Governor Hunt. The Board of Governors provides advice to the Hunt Institute on the Governors Education Symposium program, ensuring that the issues addressed reflect the concerns of governors and that there is a bipartisan consensus on both the Hunt Institute's approach and the Symposium's themes. Board of Governors membership reflects the changing education policy landscape, provides bipartisan and regional representation and guarantees that the Hunt Institute remains current in assessing the needs of governors.

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GOVERNORS EDUCATION SYMPOSIUM SUPPORTERS

Funding for the 2004 Governors Education Symposium was generously provided by Carnegie Corporation of New York and The Broad Foundation.

Carnegie Corporation of New York has been promoting "the advancement and diffusion of knowledge and understanding" for nearly a century by supporting efforts to improve teaching and learning that have the potential to make a lasting and long-term contribution to the field of education.
The Corporation's current work in education, focuses on three major areas: advancing literacy, urban school reform and teacher education reform. The theme that unites these subprograms is the overall goal of increasing access to quality education and a rich educational experience for all students that will prepare them for success in today's knowledge-based economy.

The Broad Foundation's mission is to dramatically improve K-12 urban public education through better governance, management, labor relations and competition. The Foundation's programs and grants support attracting, retaining and training future education leaders; redefining the traditional roles, practices and policies of school board members, superintendents, principals and labor union leaders to better address contemporary challenges in education; equipping school systems and their leaders with tools for effective management; providing tangible incentives for educators to advance academic performance and showcasing successes in urban education.

James B. Hunt, Jr. Institute for Educational Leadership and Policy
University of North Carolina
PO Box 9380
Chapel Hill, NC 27515
919-843-4085 (phone) 919-843-2557 (fax)
www.hunt-institute.org

NC STATE UNIVERSITY

facts about

North Carolina Cooperative Extension Service

College of Agriculture and Life Sciences
North Carolina State University

Officially established by the Smith-Lever Act in 1914, North Carolina Cooperative Extension is an educational partnership of NC State University's College of Agriculture and Life Sciences, NC A&T State University's School of Agriculture and Environmental Sciences, the US Department of Agriculture, and county governments. Extension helps people put research-based knowledge to work so that they may attain economic prosperity, become better environmental stewards and improve the quality of their lives. Extension provides educational programs that meet people's needs, give decision makers objective information, and form a framework that helps individuals, families, and communities succeed. Here are a few facts about Cooperative Extension today.

Scope

- Extension uses the research of North Carolina's two land-grant institutions — NC State and NC A&T State universities — to develop educational programs based upon the needs of North Carolinians.
- The largest of NC State's outreach efforts
- Integrates the expertise of specialists in 19 CALS departments, 3 College of Natural Resources departments and the College of Design and agents in 101 county-based centers.
- Collaborates with CALS' academic and research faculty and with other university Extension units, colleges, UNC system institutions, other land-grant institutions, and external agencies and associations.
- Provides every county center with direct, real-time connections to the World Wide Web, which allows nearly instantaneous communication and information transfer and access within the university and globally.

Facilities

- Extension centers located in all 100 counties and the Cherokee Reservation
- Regional extension and research centers at Plymouth and Fletcher
- Six 4-H centers located throughout the state

Programs

- Extension offers proactive educational programs and information on a variety of topics and issues within its five focus areas:
  - Enhancing agriculture, forest and food systems
  - Conserving and improving the environment and natural resources
  - Building quality communities
  - Developing responsible youth
  - Strengthening and sustaining families
- Local program offerings are based on citizen needs and are chosen with the help of more than 23,000 citizen advisors.

Personnel

- 1,321 full- or part-time employees
  - 464 faculty and staff located at NC State
  - 857 faculty and staff in other locations across North Carolina
- Citizen advisory councils at both the state and county levels provide input into program prioritization, development, and implementation and serve as advocates for Extension programs.
- Nearly 45 percent of county agents work in the area of agriculture.
- In 2003, more than 63,000 volunteers contributed 700,609 hours, valued at $11.6 million, to Extension programs.

UNC KIDNEY CENTER

THE UNC KIDNEY CENTER: *IMPROVED CARE THROUGH DISCOVERY AND EDUCATION*

The newly established UNC Kidney Center's mission is to reduce the burden of chronic kidney disease through discovery about the pathophysiology and therapeutics of kidney disease and through the development and assessment of educational programs about kidney disease for North Carolinians and their primary care physicians.

THE UNCKC KIDNEY OUTREACH PROGRAM (KEOP)

Over 300,000 people in the United States suffer from end-stage renal disease (ESRD) and North Carolina ranks 9th in statewide prevalence of ESRD. It is safe to assume that at least 11% of our NC population or 900,000 have CKD, with an equal number of citizens at risk for developing CKD. The expenditures for NC Medicaid and the desire to reach goals for Healthy Carolinians 2010 require that the progress in scientific discoveries that has led to a better understanding of kidney disease be complemented by rigorous, community-based educational outreach that focuses on the prevention of kidney disease in North Carolina.

The UNCKC has developed an outreach program that promotes citizens' increased awareness of personal risk factors and increased knowledge about how the kidneys function. Our goal is for citizens to ask "Hey doc, how are my kidneys?" *long before* they develop end-stage renal disease when intervention can slow the disease or stop progression of the disease. Targeted outreach programs and screenings are to be conducted in 17 North Carolina Counties. Each of these counties has a higher than average rate of ESRD and, thus, represents a large proportion of persons at risk for CKD. The community-based activities include information sessions conducted in collaboration with local lay leaders, community-based screenings, focus groups with at-risk populations and strategic use of media to promote the prevention message through public service announcements.

A second and equally important goal for the UNCKC is to educate North Carolina primary care physicians about the importance of identifying asymptomatic patients at risk for kidney disease as part of routine screening protocols. These physicians must also provide quality management of patients with early-stage renal disease. A survey of PCPs in the 17 targeted NC counties will provide critical information about their perceptions of skill and confidence in these two areas. Following analysis of the survey, the UNCKC will provide PCPs with information about the specific skills and areas of managing early-stage renal disease that they identified as least strong. The UNCKC is also working with the pharmaceutical industry to ensure they have a better understanding about their potential role in improving the quality of life and outcomes for dialysis patients. In addition, the UNCKC is collaborating with the NC Medicaid Office to develop and implement a dialysis education program for NC PCPs to ensure that citizens are experiencing timely referrals to nephrologists.

Finally, the UNCKC web site will serve as a resource to NC citizens and primary care physicians. Resources from a multitude of national groups as well as specialized information from our own leading clinicians and researchers, will provide a single site for NC patients and primary care physicians to obtain information about the risk factors for kidney disease, managing kidney disease, healthy life style hints as well as access to an interdisciplinary staff of clinicians, dentists, pharmacists, epidemiologists, social workers and educators dedicated to decreasing the burden of kidney disease for North Carolinians.

IES Fact Sheet

Messages and Basic Facts for 2005
April 5, 2005

IES Messages

- IES brings North Carolina State University to the workplace
- IES supports economic development by promoting profitability for both established and new industry
- IES gives taxpayers a return on their investment of $11 for every tax dollar spent

What IES is

The Industrial Extension Service, part of North Carolina State University, brings engineering expertise to the state's factory floors, offices and hospitals. Celebrating its 50th anniversary in 2005, IES was created in 1955 by act of the North Carolina General Assembly and placed within the College of Engineering at N.C. State University. IES is the oldest service of its kind in the nation.

What IES does

IES provides training and engineering and technical expertise in lean manufacturing, quality initiatives such as Six Sigma and ISO, energy savings, and programs in health, safety and environmental compliance. IES serves as the state agency for both the North Carolina Award for Excellence, which is based on the Malcolm Baldrige criteria, and the N.C. Shingo Prize, which recognizes success in lean manufacturing.

Where IES is located

IES has ten regional offices:
Raleigh – Centennial Campus of N.C. State University
Wilmington
Greenville
Williamston
Fayetteville
Greensboro
Charlotte
Hickory
Waynesville (2)

About 30 IES employees work outside Raleigh, either within regional offices or from home offices. About 55 employees work in Raleigh, at the Solar Center and providing support services such as accounting, human resources, informational technology, marketing and business development.

How IES is funded

About a third of the IES budget comes from what clients pay for services. Since 1996, IES has been the state agency for the federal Manufacturing Extension Partnership (MEP), which generally provides a third of IES funding. Since MEP funding was cut 60 percent for FY04-05,

that percentage has decreased to about a fourth. Some of the difference has been filled by the state, which provided an additional recurring $500,000 starting in FY04-05.

Recent Budget Year

In FY 03-04, the IES total budget equaled $11.1 million. The sources included:
NC MEP: $2.2 million
Other federal contracts: $400,000
State appropriated funds: $2.1 million
Other state and industry contracts: $2.3 million
Receipts (fee-for-service): $4.1 million

ROI

Since 2000, IES has returned at least $469 million in direct annual gain to the state, either in jobs saved or profits made, as reported by the clients surveyed for MEP by a third-party organization.

In 2004, IES provided $70 million in direct annual gain to the state, which is conservative since only 35 percent of the clients served were surveyed by MEP. In all, 695 companies and organizations were served. **Manufacturing jobs created or retained: at least 859.**

Once again, what IES does:

IES reaches into North Carolina's offices and factory floors to help them stay competitive though four major approaches:

- **Productivity,** which uses the principles of lean manufacturing to remove non-value-added activities in any process, resulting in huge savings in efficiency; or the data-driven Six Sigma process to improve standardization and reduce mistakes.

- **Environmental,** health and safety programs to improve regulatory compliance in areas such as air and water quality, hazardous waste and workplace safety. Training in ISO 14001, the international standard for environmental management systems, is also offered.

- **Energy** programs offer training and on-site technical expertise to identify energy inefficiencies and correct them. Investments in these programs get exceptionally high returns. The Solar Center serves as the state's clearinghouse and lead organization for solar and other renewable energy programs.

- **Quality** and performance excellence is promoted by training companies on the Malcolm Baldrige National Quality Award criteria; and quality standards such as ISO 9000 and QS 9000 that boost competitiveness in the global marketplace.

Technology Incubator: IES manages the NCSU Technology Incubator on Centennial Campus, where industries of the new knowledge-based economy are nurtured until they graduate into self-sufficient companies. Since 1999, the Incubator has graduated 15 of its 55 tenant companies.

Minerals Research Lab, Asheville

Polymers Center, Charlotte

The Juvenile Justice Institute (JJI)

Mission:

The Institute's primary mission is to influence juvenile justice policy and practice by providing research, technical assistance, and information about resources to juvenile justice and related agencies and the community at-large.

Goals

1. To assess the impact of juvenile justice policy reforms and developments.
2. To provide technical assistance to help foster the development and expansion of community-based programs in order to increase outreach and the mobilization of community services.
3. To identify the best, most innovative and culturally relevant practices among schools, the criminal justice system, community-based agencies and services organizations in the state and nationally and disseminate such information as a basis for crime prevention and control strategies.
4. To foster workforce development by preparing students academically and professionally to become advocates for juvenile justice and community development.

Priority Focus Areas, 2004-2005

- Host Conference

Annual Conference: June 2-3, 2005. Theme: Building Communities Through Collaboration: Family, School, Mental Health and Juvenile Justice. Planning Committee includes representation from the Governors Crime Commission, Department of Crime Control and Public Safety, Department of Public Instruction, mental health professionals, social services, community based organizations, and academic units at NCCU. This action oriented conference will be comprised of four tracks: 1) Juvenile Mental health, 2) Gangs, 3) Closing the Achievement Gap, and 4) Drug Awareness. The target audience will include government and private sector personnel as well as faculty and students.

- Enhance HBCU collaborative in research and education

NCCUR. JJI will take a leadership role with the North Carolina Council on Undergraduate Research (NCCUR) to increase the level of collaboration in research and education among its participating institutions. NCCUR is a consortium comprised of North Carolina Central University, Fayetteville State University, Winston-Salem State University, North Carolina A & T State University, Elizabeth City State University, UNC Pembroke, and UNC Asheville. Efforts will initiate collaborative projects targeting juvenile justice-related concerns and research service learning (i.e., student-faculty research targeted to solve problems in the community).

- **Developed a Leadership Program for Undergraduate and Graduate Students Student Leadership Development in Juvenile Justice.** Selected students from NCCUR and other entities will be invited to participate in a leadership program in juvenile justice for both graduate and undergraduate students. JJI will develop student exchanges and a roundtable series in juvenile justice. This will inspire and support the new wave of leadership in public and private agencies, promoting crime prevention and the reduction of violence among juveniles. The recruitment strategy will include in outreach to all UNC campuses.

Selected Highlights

Guest Lecturer – Goal #3:
Juvenile Justice and Mental Health: A National Public Health Crisis. October 2004. Dr. Mary S. Harper (served four presidents and internationally renowned mental health expert). Response panel included a representative from the Governor's Crime Commission, NC State Mental Health Association, Dillard Youth Facility, Durham County Judge, and County Social Services.

Technical Assistance – Goal #2:
Completed technical assistance/evaluation for PROUD (Personal Responsibility to Overcome with Understanding and Determination) project in December 2004. PROUD is an after-school program designed to offer young people the tools to develop positive alternatives to antisocial or criminal behavior. Recommendations were made to improve project operations.

Learning – Goal #4
JJI was selected by the Disproportionate Minority Contact (DMC) Subcommittee of the Governor's Crime Commission to provide training and technical assistance and work with four demonstration sites to reduce DMC in Forsyth, Guildford, New Hanover, and Union counties. NCCU and JJI hosted these events.

Local, State and National Presentations: - Goal #3
Presentation made to the North Carolina Department of Juvenile Justice and Delinquency Prevention's Disproportionate Minority Contact working group. The presentation offered suggestions for finding synergies in existing programs and allied agencies to reform the juvenile justice system.

Presentation made to Juvenile Justice Planning Committee's retreat at the Governor's Crime Commission on disproportionate minority contact.

Attended and/or made presentations at Annual Conference of the Academy of Criminal Justice Sciences and Winter Congress of the American Correctional Association.

Presentation at Forsyth County Juvenile Justice Council's Minority Overrepresentation Conference in September 2002. Topic: "*How to Identify, Determine Key Causal Factors, and Address Disproportionate Minority Confinement.*"

Conferences and Workshops – Goal #3 and #4

Annual Conference at NCCU. Theme: *Best Practices in Juvenile Transition and Community Aftercare Services* (May 2003) for government employees, juvenile probation officers and counselors.

Workshop (June 2003). *"Thriving and Surviving During Lean Times: A Resource Development Guide for Small Community Based Programs"* at North Carolina Central University. This workshop provided strategies that will consolidate programming activities and related expenses while maintaining program integrity.

Conference. This conference addressed several issues including but not limited to Disproportionate Minority Confinement, which examined disproportionate confinement of juvenile minorities in North Carolina, drawing from early work done by North Carolina Division of Youth Services. The Domestic Violence workshop highlighted the link between domestic violence and delinquency. The cyclical nature of family violence suggests that finding ways to empower families is key to making lasting changes. The Rural Development Workshop provided community development strategies.

Annual Conference (May 2001) Topic: *"The Dollars and Sense of Disproportionate Minority Confinement."* This conference addressed the exceptionally high numbers of African American youth who dropout of the public school system in Durham. The results describe graphically "cultural ecological systems" as patterns among psychological, social, behavioral, economic, and geographical antecedents to academic outcomes and their interrelationships in the following terms: (1) how the learning context is differently experienced both systemically and between racial/ ethic groups; (2) what factors schools mediate, differentially, as an enabling structure for American White families and children; (3) the absence of school as an enabling structure for American Black families and their children; and (4) differential structural patterns within learning context that are functionally non equivalent between American White and American Black families and their school age youth.

Conducted Studies – Goal #3

A Study of Overrepresentation of Ethnic Minority Youth in North Carolina's Juvenile Justice System (April 2002)
The study compared dispositions for minority and non-minority juveniles, as well as services made available to the two groups and their respective families from 1996 to 1999. The study was distributed to the Governor's Crime Commission.

Flood Impact on Princeville Area Residents (January 2001)
The purpose of this project was to determine (1) whether perceived physical and emotional impact was independent of degree of and/or endorsement of hostility, anxiety or household income level. (2) Whether perceived physical or emotional impact was also independent of how far along respondents were in their personal recovery from the flood, the personal toll experienced, respondents' age, gender, level of domicile support, perceive actions of government and community agencies and perceived support from friends and families.

Student Perspectives About School Crime and Community Life in Eastern North Carolina Before and After Hurricane Floyd (January 2001). This study was designed to help better understand the effect of Hurricane Floyd on student perspectives about crime at school and community life in general. The Tarboro/Princeville area was targeted due to the devastation of the community and family life as a result and of Hurricane Floyd and subsequent flooding. A survey was used to assess the effects of Hurricane Floyd on school crime, police-community relationships, community involvement and feelings about school in general. The target population was students at Martin Middle School and Tarboro High School, both in Tarboro, NC.

INSTITUTE FOR EMERGING ISSUES
NORTH CAROLINA STATE UNIVERSITY
LUKE BIERMAN, DIRECTOR

* The Institute for Emerging Issues is a "think and do" tank at North Carolina State University. The Institute is a catalyst for innovative public policy through its research, ideas, debate and action that encourages civic leadership in business, government and higher education.

* The Institute is best known for the Emerging Issues Forum, an annual conference that attracts 1,000 leaders from North Carolina to debate important issues facing North Carolina and develop strategic and innovative public policy that will make our State a better place to live, work and play. The Forum agenda typically addresses transformational policy issues through interactive activities and speakers of international, national and statewide prominence.

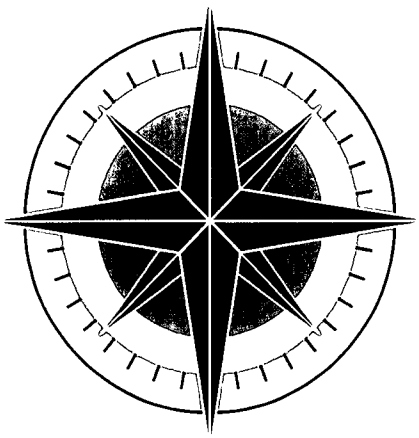
* The 2005 Emerging Issues Forum generated significant attention on the issue of healthcare. The Institute convened working groups in advance of the Forum, where policy proposals were debated and refined and has led to a program on healthcare that will engage policy makers from around the state through a number of programmatic initiatives, including regional forums, CEO roundtables and other activities. Institute staff have testified before the Legislature several times about the policy initiatives being developed and moved ahead by its working groups

* This process of preparatory work before the Forum and implementation after the Forum is the model for how the Institute engages new combinations of leadership and provides civic leadership in business, higher education and government in creating innovative public policy.

* Pursuing its statewide mission through relationships with the 16 campuses of the UNC system, the Institute is organizing regional healthcare forums in partnership with UNC Charlotte, Appalachian State, East Carolina and other campuses. The Institute is contributing to a report to inform the UNC Board of Governors subcommittee on economic development regarding university engagement in economic development. A strategic plan is being developed that lays out a course of action over five years, including the identification of and expansion into other emerging issues. The Institute is an important partner with many other entities in developing innovative public policy that keeps North Carolina at the forefront of technology based economic development.

* The Institute's newly redesigned website provides significant information about its programmatic activities including its online magazine called Innovation Online and can be accessed at www.emergingissues.org.

* The Institute's 2004-2005 operating budget is $709,873 with $556,334 from the State of North Carolina. Several proposals for funding new initiatives, including the program on healthcare, have been submitted to foundations. The Institute is currently working on a 5-year funding plan that will lead to private and philanthropic support for current programs of work and new initiatives in development.

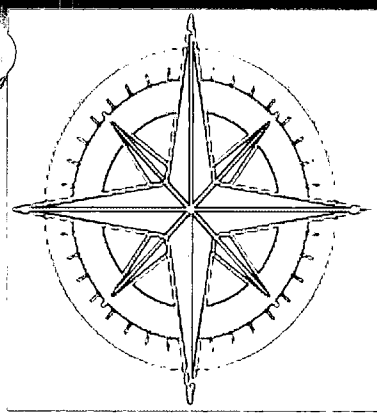


North Carolina Progress Board

Suite 3900, Partners 1
Centennial Campus
1017 Main Campus Drive
NC State University
Campus Box 7248
Raleigh, NC 27695-7248

919.513.3900 phone
919.513.3790 fax

www.ncprogress.org



North Carolina Progress

A New Direction

- ✓ A fact-based campaign for NC's future
- ✓ New formats for reporting progress (scorecards)
- ✓ Value-add valued policy data
- ✓ Pragmatic solutions (promising practices)
- ✓ Quick response capabilities (*Progress Portal)*
- ✓ Leveraged academic resources (research & community)
- ✓ Regional progress networks (community-based engagement & competitiveness)

Target 3.1.3: At least 100% of US average SAT score

North Carolina Progress Board

www.theprogressboard.org

Goal 3.1:
Offer a first class, comprehensive public K-12 education

Imperative 3:
Quality Education for All

Grade: C+

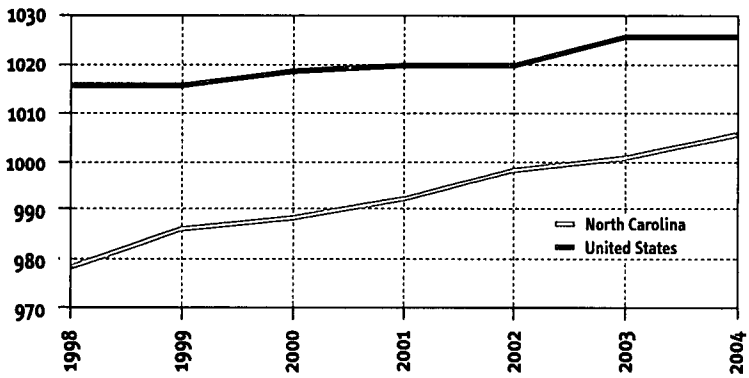
Trend: ↑ (improving)

U.S. Rank in 2003: 46th
(up from 48th in 2000)

Southeast Rank in 2003: 8th
(same as 2000)
Southeast Region = AL, FL, GA, KY, MI, NC, SC, TN, VA & WV

Data Trends

Average aggregate SAT score



Sources: Primary—The College Board (www.collegeboard.com/press/senior01/html/links.html)
Secondary—NC Department of Public Instruction, NC SAT Report, and Morgan Quitno

2020 Target: SAT scores will be at least 100% of the national average

- In 2004, NC continued to improve its SAT scores, narrowing its gap with the US average and climbing in the state rankings (both nationally and regionally).
- From 2000 to 2004, NC improved its national ranking from 48th to 43rd and its regional ranking from 8th to 6th.
- However, among states with SAT participation rates of 50% or more, NC is now ranked 14th (of 22) in the US and 2nd (of 5) in the SE region.

Other Highlights

North Carolina: In 2004, NC ranked 44th nationally and 8th regionally in verbal (508 score) and 41st nationally and 7th regionally in math (518 score). In 2003, NC ranked 46th nationally and 8th regionally in verbal (495 score) and 41st nationally and 7th regionally in math (506 score). While NC is considered an SAT state, the ACT scores provide another indicator of college preparedness. In 2004, NC was tied for the 41st highest average ACT composite score in the US, the 35th highest average ACT math score, the 44th highest average ACT science score, the 46th highest average ACT English score and the 43rd highest average ACT reading score in the US.

Definition

Average combined math and verbal score on Scholastic Aptitude Test (SAT)

Relevance

SAT scores provide one proxy indicator of public school quality, but should be reviewed in the context of other indicators. States with high SAT participation rates (in 2004, NC had the 12th highest participation rate in the US and the 3rd highest participation rate in the SE) tend to have lower aggregate SAT scores than states with lower participation rates.

Related Links

The College Board (www.collegeboard.com)
US Dept. of Education, National Center for Education Statistics (http://nces.ed.gov)
National Education Association (www.nea.org)
Southern Growth Policies Board (www.southern.org)
The Smartest State Award (www.statestats.com)

North Carolina Progress Points

Issue: Water Capacity

North Carolina Progress Board

Imperative 7:
A 21st Century Infrastructure

Goal:
Develop ample and efficient public utility capacity

1. Summary

North Carolina should adopt a comprehensive development strategy for ensuring adequate water capacity for spurring sustainable economic growth and ensuring full compliance with the federal Safe Drinking Water Act (SDWA).
Nationally, our aging water infrastructure, due to unprecedented demands, increasing federal mandates, costly technology upgrade requirements and a 70% decline in federal support, is facing a $2 trillion investment deficit ove the next twenty years.

2. North Carolina Now

- Legislation – North Carolina §xxxxxx
- Responsible agencies – North Carolina Department of xxxxx, Division
- Programs –
- Funding – Our projected water capacity needs over next 20 years total $11.3 billion; federal funding for water capacity development in North Carolina decreased by 26% in 16 years (43%, 1981 to 17%, 1997)
- Other factors:
  - Only 25% of all water systems have 100,000 gallon excess capacity required for industrial development
  - 80% of our water systems rely on groundwater; only 25% of groundwater-reliant water systems have excess capacity needed for economic growth
  - Small water systems (e.g. systems serving < 3,300 customers) represent 90% of total water systems operating in state

3. Model Legislation

- National Governor's Association –
- National Conference of State Legislatures –

4. Promising Practices

- Prior federal investments in water infrastructure (e.g.,1972 Clean Water Act) yielded substantial improvements in water quality and capacity, spurring $600 million fishing industry in Lake Erie and $120 million investment in lower Potomac River
- Virginia, West Virginia and Georgia, by adopting development plans based on Association of State Drinking Water Administrators (ASDWA) recommendations, have improved water capacity
- Virginia, since adopting its new state water development strategy in 2000, improved the federal compliance rate of its 1,867 state water systems from 97% to 100%
- Kentucky consolidated water systems from 698 in 1999 to 595 in 2002, meeting growing demands while reducing inadequate water systems from 41 to 26
- Washington has initiated a strategy with multiple control points and successfully made inter-system water purchases to augment existing water capacity
- Arizona has successfully created community development councils to provide advice and oversight to water systems
- Virginia's Peer Review Program provides expert volunteers to rural communities (upon request) to provide free on-site water system assessments in accord with SDWA guidelines and offer recommendations for enhancing system performance
- Several North Carolina jurisdictions have used improved water conservation and system interconnections to significantly increase water capacity (e.g., High Point, Asheboro and Guilford County)

5. Potential Policy Initiatives for North Carolina

- Provide sufficient state funding to ensure stable long-term funding source, solve water/wastewater infrastructure capital investment gap and promote regional water planning, conservation and supply expansion
- Develop state mechanism (e.g., state water and wastewater maintenance trust fund) for improving coordination of state and local water and wastewater capital resources, achieving financing economies of scale and adopting uniform infrastructure standards
- Centralize state-wide authority for water infrastructure planning and monitoring efforts under the authority of a state agency

- Establish market protocols for inter-system purchase/selling of excess water supply
- Prioritize systems to receive capacity development funding, based on current water system adequacy, projected capacity demand and system efficiency, and establish fund-matching program between state and federal rural developments agencies
- Provide incentives for consolidation of multiple small water systems and transfer control of non-community water systems from localities to state
- Establish more rigorous standards for local water systems (e.g., require business plan, long-term water supply forecasts and annual infrastructure assessment) and offer fiscal incentives (e.g., low interest loans) to local systems that comply with standards
- Strengthen state oversight and regulation to ensure viable water system capacity (e.g., establish permit programs for infrastructure construction, system ownership, and system operation to ensure a statewide standard for water capacity)
- Develop long-term strategy to target water capacity development towards attracting sustainable industry
- Provide state support for alternative methods of developing water capacity (e.g. desalination, reverse osmosis, and water reclamation)
- Encourage localities through regulation, monitoring and fiscal incentives to use practical techniques to improve water capacity (e.g., water reclamation and inter-basin water transfer programs, water shortage response programs, excess use rate structures, water reuse for non-potable water needs and better interconnections)
- Promote outsourcing of system operation, maintenance and technical assistance
- Designate universities as regional resource centers for water systems; organize, fund and maximize leverage of higher education resources (e.g. community college system) to provide training and technical assistance
- Integrate statewide water system databases (e.g., sanitary surveys, financial reports, technical assessments and customer, supply, monitoring, capacity databases)

6. Rationale for Policy Change

- Adequate water capacity produces substantial benefits (e.g., higher property values, stronger tax base, better job creation and more viable ecosystems)
- Privatization of system operations and maintenance functions can achieve up to 25% annual savings over public utilities due to improved operating efficiencies
- Local solutions alone (e.g., privatization, cost-reduction technology or private financing) are not sufficient to finance capital investment gap; water infrastructure investments will fall short without significant state role in financing

7. Potential Fiscal Impact

- An estimated $xx billion capital investment in water and wastewater systems is needed to meet the state's long-term infrastructure needs

8. Potential Implementation Barriers

- Limited public understanding of water infrastructure problems could undermine public acceptance for increased investments or water utility fees
- Financing solutions requiring increased user fees may be politically infeasible
- Resistance of local systems to regional cooperation or restructuring
- Inability of municipal systems to adequately fund system maintenance and upgrades
- Economies of scale present obstacle for poorer rural water systems.
- Inadequate administrative and operational capacity prevents many small water systems from meeting capacity standards
- Economic disparity between 15 "urban" counties and 75 "rural" counties in North Carolina continues to increase, resulting in poorer rural areas lacking funds needed to maintain adequate water capacity

9. Recommended Contacts

Water Infrastructure Network (WIN)
Environmental Protection Agency
Appalachian Regional Commission
Association of State Drinking Water Administrators
NC Rural Economic Development Center

10. Recommended Links http://www.amsacleanwater.org/advocacy/winreport/winreport2000.pdf
www.asdwa.org/pubs/capdev/
ftp://ftp.denovo.net/rural/CleanWaterReport99.pdf

10. Recommended Links

http://www.amsacleanwater.org/advocacy/winreport/winreport2000.pdf
www.asdwa.org/pubs/capdev/

North Carolina Progress Board

Goal:
Develop ample and efficient public utility capacity

Imperative 7:
A 21st Century Infrastructure

Title: Report on the Efficacy of the State of Virginia's Capacity Development Strategy

Author: Robert B. Taylor, Director, Division of Drinking Water, Virginia Department of Health

Publication Date: September 2002

1. Summary

This assessment identifies structural, legal and demographic factors affecting water capacity in Virginia. Provides updated recommendations in response to new regulations to ensure compliance with 1996 Safe Drinking Water Act (SDWA). Builds on success of initial state development strategy (adopted May 2000).

2. Primary Findings

Water system capacity development remains a low priority for local and state agencies.
- Development efforts undercut by reliance on state funding and exacerbated by low state funding due to FY2002 budget crisis.
- Since 4–5 years are required to implement recommended programs (e.g. technical assistance), initial capacity development improvements will be marginal.

3. Primary Policy Proposals

Transfer control of non-community water systems from localities to state
- Compile and maintain statewide database (e.g., annual sanitary surveys, managerial and financial report, and technical assessments).
- Require development of comprehensive business plan by all water systems.
- Outsource on-site technical assistance to private providers.
- Establish stakeholder advisory committees to oversee system planning efforts (e.g., water system management, operators and consumers).
- Organize, fund and maximize leverage of higher education resources (e.g. community college system) to provide training and technical assistance.
- Regulate local zoning authority as needed to ensure viable water system capacity.
- Provide funding to encourage regional water supply expansion.

4. Implementation Barriers

Insufficient financial incentives for municipal systems to make adequate investments.
- Failure of municipal systems to adequately fund system maintenance and upgrades.
- Limited knowledge of water capacity issues among general population.
- Demographically challenged areas (e.g. low-income, low pop., high unemployment) require most capacity development initiatives.

5. Track Record

In 2000, 46 of 1,867 state water systems were non-compliant with state capacity standards, but, in 2002, no state water systems were non-compliant.

6. Other Information

Project sponsors/partners: Virginia Health Department, Division of Drinking Water

Relevant source information: Source available at: http://www.vdh.state.va.us/dw/files/capdevstrategy.pdf

Other studies of interest: Due to its large rural population, Virginia has instituted a "Peer Review Program" where expert volunteers from surrounding communities (upon request) provide free on-site water system assessments in accord with SDWA guidelines and offer recommendations for enhancing system planning, development and performance. The Peer Review program is in preliminary trials in conjunction with the Virginia Rural Water Association.

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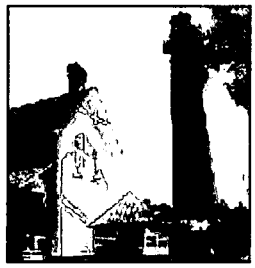
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Introduction to Website

This site best viewed at 1024x768 browser settings

Welcome to the North Carolina Progress Board !

The new website of the North Carolina Progress Board offers you an entrée to information that can, and should, help shape the state's public policy discussions. Read more...



North Carolina Progress

In early 2005 the Progress Board will release the latest figures showing how far North Carolina has gone toward meeting its long-term goals — and how much remains to be done. Results will be available on this website under the Scorecard link.

The North Carolina Scorecard will update nearly 100 indicators of progress outlined in *North Carolina 20/20*, a reports released in 2001. It will continue to divide the indicators into eight interrelated issue areas, called imperatives: Quality Education; High Performance Workforce; Sustainable Environment; Prosperous Economy; 21st Century Infrastructure; Healthy Children and Families; Safe and Vibrant Communities; and Accountable Government/Active Citizenship.



Getting fit — together

The *North Carolina 20/20* report targets lower rates of obesity for children and adults. Fit Together North Carolina shows steps individuals, families, and communities can take to increase fitness through better eating and more active lifestyles. Interactive links allow you to assess your own fitness level.

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April 5, 2005

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Scorecard

Imperative 3
Quality Education for All

Our Vision

A quality education is essential to success in an increasingly competitive, ever changing workplace. Education must provide the tools needed for citizens to become solid contributors to the state's economy, culture, and civic, social and religious life. In our vision, North Carolina's education system will strengthen public schools so every child has an equal opportunity to succeed and every graduate is ready for work or additional education. All citizens of every age will have access to continuing educational opportunities through a seamless education partnership between the secondary and post-secondary educational systems in the state.

Goals	Measures	Commentary
Offer a rigorous public school (K-12) education	Reading proficiency Math/science proficiency College preparedness	Jobs and daily life are becoming more complex and demanding higher levels of skill than they did a generation ago. The national 21st Century Workforce Commission outlines the elements of modern literacy as "the ability to read, write, and compute with competence, think analytically, adapt to change, work in teams, and use technology." A rigorous K-12 education is the foundation for our future.
Make prudent investments in public education	Teacher quality Elementary school quality Secondary school quality	A supportive learning environment for students includes quality and ready resources for schools to help students achieve their potential. The challenge of creating such an environment is magnified by our rapid growth rate and the increasing diversity of the student body.
Build a premier public higher education system	Higher education access Community college quality University quality University innovation	Education pays. In strictly dollar terms, it pays a typical college graduate $20,000 a year more than a high school graduate earns. As low-skill jobs vanish, increasing the state's education level becomes more critical. Significant investments must be made in our public universities and community colleges to make them innovative, accessible and competitive.

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www.ncprogress.org

Scorecard
Imperative 3
Quality Education for All

VISITOR REGISTRATION SHEET 2:00

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION 4/5/05
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Scott R. Daugherty	University of North Carolina, SBTDE
James O. Smith	UNC
Jane Albright	IES - NCSU
Teresa Whaley Paddison	IES - NCSU
Jason Booth	NC School of the Arts
Tripp Melton	Sen. Stevens Intern
Andy Willis	NC State
Johnny Wynne	NC State
Erin Schuettpelz	UNC
Mark [illegible]	[illegible]
John [illegible]	[illegible]

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION April 5, 2005
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	Capitol Group
Ann McArthur	Governor's Ofc.
Richard Nixon	White House
Doris Schmidt	NC Justice Center
[signature]	SBE / DPI
Steve Shaber	Poyner + Spruill
[signature]	[signature]

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION
Name of Committee **Date** april 5, 2005

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Claudia Odem	UNC
Kip Davis	UNC
Ken Haywood	NCCU
Harvey McMurray	NCCU
Benjamin Jones	N.C.C.U.
Trey O'Quinn	OSBM
J Bocelle	Wells Fargo
Kevin FitzGerald	UNC
[illegible]	UNC
Barbara Walls	UTK
Jessica Lowery	GTCC

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION April 5, 2005

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bryan Conrad	OSBM
Elizabeth Greenwood	OSBM
Lee Bierman	Institute for Emerging Issues NCSU
Bonnie DeVane	NCSR
Doris Gilbert	NC Program Bd
Bob Mebane	" " "
Judith Rizzo	Hunt Institute
[illegible]	FRD
M. Fitz-Wynn	NCHE
H. L. Reese	NCSU-IES
Angie Burtis	UNC

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS COMMITTEE ON EDUCATION
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kenan Bruff	NCCCS

Joint Appropriations Subcommittee on Education

Agenda

Monday, April 18, 2005, 3:00 P.M.

Room 421, Legislative Office Building

Senator Swindell, Presiding

I.	**Welcome & Introduction of Pages**	
	Senator Swindell	
II.	**Public Schools Draft Money Report**	
	Adam Levinson, Fiscal Research Division	
III.	**Questions**	
IV.	**Universities Draft Money Report**	
	Richard Bostic, Fiscal Research Division	
V.	**Questions**	
VI.	**Community Colleges Draft Money Report**	
	Kristine Leggett, Fiscal Research Division	
VII.	**Questions**	

House Appropriations Subcommittee on Education
Rep. Jeffus (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Johnson (Vice Chair)
Rep. Preston (Vice Chair)
Rep. Rapp (Vice Chair)
Rep. Bell, Rep. Cleveland, Rep. Fisher, Rep. Hilton, Rep. Justice, Rep. Michaux, Rep. Parmon, Rep. Pate, Rep. Sauls

Senate Appropriations on Education/ Higher Education
Sen. Lucas (Chair)
Sen. Swindell (Chair)
Sen. Nesbitt (Vice Chair)
Sen. Garwood (Ranking Minority Member)
Sen. Atwater, Sen. Hartsell, Sen. Stevens

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Monday, April 18, 2005, 3:00 p.m.

The Joint Appropriations Subcommittee on Education met on Monday, April 18, 2005 at 3:00 p.m. in Room 421 of the Legislative Office Building. Chairman Swindell called the meeting to order and introduced members from the Sergeants-at-Arms staff.

Three members of the Senate were present and the following Representatives: Rep. Jeffus; Rep. Tolson; Rep. Yongue; Rep. Bell; Rep. Cleveland; Rep. Fisher; Rep. Justice; Rep. Parmon and Rep. Preston. The Education Fiscal Research Division was in attendance. A Visitor Registration Sheet is attached.

The Chair recognized Adam Levinson, Fiscal Research Division, to present a draft of the Preliminary Money Report on the public schools segment (Attachment 1, pp. F1-4), which up to this point has been agreed to jointly.

The Chair next recognized Richard Bostic, Fiscal Research Division, to present a draft of the Preliminary Money Report on the university system segment (Attachment 1, pp. F5-10), which up to this point has been agreed to jointly.

The Chair called on Kristine Leggett, Fiscal Research Division, who reviewed a draft of the Preliminary Money Report on the community college system segment (Attachment 1, pp. F11-10), which up to this point has been agreed to jointly.

Before adjourning, the Chair announced that this would be the last joint meeting of the committee and members were encouraged to communicate concerns with the preliminary money report to either their appropriate Chairs or to Fiscal staff.

There being no further business, the chair adjourned the meeting at 3:40 p.m.

Respectfully submitted,

Senator A. B. Swindell
Chairman

Mo Hudson
Committee Assistant

Attachment 1

Joint Appropriations Subcommittee on Education
Preliminary Joint Money Report

Draft

April 18, 2005

DRAFT

Senate Subcommittee on Education

Public Education

GENERAL FUND

	FY 05-06		FY 06-07	
Recommended Budget	**$6,585,323,929**		**$6,701,093,652**	
Legislative Changes				
A. Adjustments: State Public School Fund				
1 Average Daily Membership (ADM) Revise projected increase in ADM for FY 2005-06 to reflect 2,338 more students than originally projected. Dollar amount of adjustment includes increases to all position, dollar, and categorical allotments. Total funded ADM for FY 2005-06 is 1,397,372, an increase of 28,309. Due to upward adjustment in ninth grade ADM, increase receipts from Highway Fund budgeted for Driver's Education by $129,405 in 2005-06 and $255,618 in 2006-07.	$9,402,812	R	$6,660,059	R
2 Budgeted Average Salary Revise budgeted funding for certified personnel salaries based on actual salary data from December 2004. Adjustment does not reduce any salary paid to certified personnel.	($23,642,099)	R	($23,965,417)	R
B. Reductions: State Public School Fund				
3 Central Office Administration Reduce dollar allotment for Central Office Administration by 0.5%.	($510,023)	R	($510,023)	R
4 Teacher Assistants Allot funds for teacher assistants on the basis of ADM in grades K-2 and 1/2 of the ADM in grade 3.	($47,091,599)	R	($47,091,599)	R
5 Classroom Teachers Allot teacher positions for grade 7 based on a ratio of 1:22 ADM (rather than 1:21). Current required average class size in 7th grade is 26. Maximum allowable class size is 29.	($10,457,443)	R	($10,457,443)	R
6 Instructional Support Allot instructional support positions on the basis of 1:200 ADM (rather than 1:197.21).	($5,080,381)	R	($5,080,381)	R
7 School Building Administration Allot assitant principal positions on the basis of one 10-month position per 800 ADM (rather than 1:761).	($5,038,433)	R	($5,038,433)	R

Senate Subcommittee on Education	FY 05-06		FY 06-07	
8 Classroom Supplies Allot funds for materials, supplies, and equipment on the basis of an inflationary increase of 5.2% (rather than 8.2%).	($3,898,671)	R	($3,898,671)	R
9 Textbooks Allot funds for textbooks on the basis of an inflationary increase of 7.3% (rather than 10.3%).	($2,389,506)	R	($2,389,506)	R
10 Non-instructional Support Fund dollar allotment for Non-instructional Support on the basis of $222.24 (rather than $225.48) per ADM.	($4,000,000)	R	($4,000,000)	R
11 Academically Gifted Fund supplemental dollar allotment for academically gifted students on the basis of $908.66 (rather than $926.55) per ADM.	($1,000,000)	R	($1,000,000)	R
12 Limited English Proficiency (LEP) Discontinue base allotment of the dollar equivalent of one teacher assistant per qualifying LEA.	($2,674,670)	R	($2,674,670)	R
13 Vocational Education Fund vocational education teachers on the basis of one 10-month position per 95 ADM (rather than 1:90.5).	($13,084,719)	R	($13,084,719)	R
14 School Bus Replacement Provide funds to meet outstanding lease purchase payment obligations, and $10 million for new lease purchases (approximately 367 new buses). Funding is sufficient to replace all buses that have reached the established replacement threshold.	($7,915,450)	R	($7,915,450)	R
15 Department of Public Instruction (DPI) Reduce funds for the Department of Public Instruction by 1%.	($299,333)	R	($299,333)	R
16 ADM Contingency Reserve Reduce ADM Contingency Reserve.	($2,000,000)	R	($2,000,000)	R
17 Driver's Education Reduce receipts from Highway Fund budgeted for Driver's Education by $1,327,800 on the basis of $235.45 (rather then $245.55) per 9th grade ADM.				
C. Reductions: Redirected Tax Receipts				
18 Sales Tax Refundable to LEAs Redirect estimated State sales tax refundable to LEAs to the State Public School Fund for allotment through State position, dollar, and categorical allotments.	($33,300,000)	R	($33,300,000)	R

	FY 05-06		FY 06-07	
19 Corporate Income Tax Redirect corporate income tax receipts that would otherwise be deposited in the Public School Building Capital Fund, per G.S. 115C-546.1(b) to the State Public School Fund to support public school operations.	($10,000,000) ($2,000,000)	R NR	($10,000,000)	R
D. Reductions: Pass-Through Funds				
20 Communities in Schools Reduce pass-through funding to non-profit program by 25%.	($151,875)	R	($151,875)	R
21 ExplorNet Reduce pass-through funding to non-profit program by 25%.	($100,000)	R	($100,000)	R
22 NC Network Reduce pass-through funding to non-profit program by 25%.	($70,875)	R	($70,875)	R
23 Partnership for Excellence Reduce pass-through funding to non-profit program by 25%.	($12,500)	R	($12,500)	R
24 Schools Attuned Reduce pass-through funding to non-profit program by 25%.	($130,228)	R	($130,228)	R
25 Teacher Cadet Reduce pass-through funding to non-profit program by 25%.	($30,375)	R	($30,375)	R
E. Expansion: State Public School Fund				
26 Eliminate LEA Discretionary Reduction Eliminate the LEA Discretionary Reduction that is built into the continuation budget.	$44,291,248	R	$44,291,248	R
27 Disadvantaged Student Supplemental Funding (DSSF) Continue funding for the sixteen pilot LEAs that have previously received DSSF allotments. Allot funding in FY 2005-06 as it was allotted in FY 2004-05. Beginning in FY 2006-07, allot funds to all LEAs per the DSSF Allotment Formula developed by the State Board of Education.	$22,500,000	R	$22,500,000	R
28 Evaluate Effectiveness of DSSF Initiative Provides funds for evaluation of both (i) the extent to which LEAs use DSSF allotments to improve outcomes for students at-risk of school failure, and (ii) the extent to which DPI supports the LEAs in using DSSF and other supplemental allotments efficiently and effectively.	$1,000,000	NR		

Senate Subcommittee on Education	FY 05-06		FY 06-07	
29 Learn and Earn Initiative Expand the Learn and Earn High School Workforce Development Initiative into an additional five high schools (bringing the total to ten). Provide planning grants to ten additional high schools.	$1,541,695 $450,000	R NR	$1,541,695	R
30 Small Specialty High Schools Pilot Program Fund additional principals, guidance counselors, and clerical staff at new "small specialty schools" within exisiting high schools at seven pilot sites. Allot each new "school within a school" the dollar equivalent of one principal position, one guidance counselor position, and one clerical position.	$1,186,061	R	$1,186,061	R
F. Expansion: Pass-Through Funds				
31 Teaching Fellows Scholarships Fund 100 additional Teaching Fellows Scholarships.	$650,000	R	$1,300,000	R
32 A+ Schools Provide funding to support non-profit progam that assists schools in implementing comprehensive school reform by integrating arts into the curriculum.	$100,000	NR		
33 NC Humanities Council Teacher Education Program Provide funding for non-profit organization that helps teachers develop their capacity to understand, empathize with, and relate to various cultures.	$75,000	NR		
34 Black Child Development Institute of Greensboro Provides funds to non-profit program that coordinates services aimed at increasing the number of at-risk students who can successfully transition from elementary to middle school.	$10,000	NR		
Total Legislative Changes	**($93,306,364)** **($365,000)**	R NR	**($95,722,435)**	R
Total Position Changes				
Revised Budget	**$6,491,652,565**		**$6,605,371,217**	

UNC System

GENERAL FUND

	FY 05-06		FY 06-07	
Recommended Budget	**$2,024,322,442**		**$2,052,608,147**	
Legislative Changes				
A. Reductions				
35 SREB Contractual Spaces Eliminates funding for 16 vacant contracted spaces in optometry, dentistry and medical schools negotiated through the Southern Regional Educational Board.(7 dental, 7 medicine, and 68 optometry slots are currently filled with NC residents.)	($169,600)	R	($169,600)	R
36 Need-Based Financial Aid Continues funding the Need Based Financial Aid program from the Escheats Fund.	($23,975,714)	R	($23,975,714)	R
37 Private Medical School Aid Eliminates $305,788 from the base budget and a $330,212 projected increase for 05-06 based on data from the State Education Assistance Authority. The $1.7 million remaining in the base budget will handle the growth in the number of NC residents attending Wake Forest University and Duke University medical schools.	($636,000)	R	($636,000)	R
38 Medical Scholarships Reduces the base budget by $154,664 and eliminates a $613,635 projected increase because recent data from the State Education Assistance Authority shows that $1.56 million is sufficient to handle growth in the number of NC residents attending medical schools at ECU, UNC, WFU and Duke.	($768,299)	R	($768,299)	R
39 State Contractual Scholarship Program Adjusts the program budget to actual needs. Allows for 2.43% growth in enrollment of NC residents in the state's private colleges and universities and funds the enrollment of 575 NC residents at Johnson and Wales University. Continues the $1,100 per student grant to the colleges.	($545,800)	R	($545,800)	R
40 Model Teaching Education Consortium Reduces funding for this program.	($1,000,000)	R	($1,000,000)	R
41 Strategic Initiatives Reserve Reduces this reserve fund from $4 million to $3 million.	($1,000,000)	R	($1,000,000)	R

	FY 05-06		FY 06-07	
42 Distinguished Professors Endowment Fund Reduces the state matching funds for the Distinguished Professor Endowment Fund from $8 million to $6 million per year.	($2,000,000)	R	($2,000,000)	R
43 Building Reserves - Minimum Hiring Rate Reduces the starting salary from the midpoint to the minimum of the pay range for positions related to the operation of new buildings opening during the fiscal year.	($1,428,331)	R	($3,005,393)	R
44 Building Reserves - Completion Dates Adjusts the estimated completion dates for construction projects for information made available in March 2005. A delay in project completion results in a reduction in the number of months needed to staff and operate the new or renovated buildings.	($2,189,924)	NR		
45 Center for Alcohol Studies Reduces funding from the Center for Alcohol Studies from $500,000 to $250,000	($250,000)	NR		
46 Juvenile Justice Institute Reduces the appropriation to this institute at NCCU from $500,000 to $250,000.	($250,000)	R	($250,000)	R
47 Legislators' Schools for Youth Leadership Development Abolishes the summer youth programs based at ECU and WCU.	($498,975) -5.00	R	($498,975) -5.00	R
48 Non-credit and Receipt Supported Instruction Eliminate General Fund subsidy of non-credit and receipt supported instruction on all campuses.	($684,532)	R	($684,532)	R
49 Inflationary Adjustments and Equipment Replacement Eliminates the inflationary adjustments and equipment replacement allowed by OSBM in the base budget. Remaining in the budget are adjustments to personal services, aid/grants, reserves, and receipts.	($13,561,121)	R	($15,978,363)	R
50 Vacant Positions Eliminates 407.2 vacant positions (102.6 SPA, 37 EPA non-faculty, and 267.6 EPA faculty). This was submitted by the University System as part of their 4% reduction target.	($25,570,894) -407.20	R	($25,570,894) -407.20	R
51 Filled Positions Eliminates 348.5 filled positions (184.5 SPA, 47.5 EPA non-faculty, and 116.5 EPA faculty). This was submitted by the University System as part of their 3% reduction target.	($19,205,203) -348.50	R	($19,205,203) -348.50	R
52 Temporary / Contracted Wages Reduce temporary and contracted personnel on all campuses. This was submitted by the University System as part of their 4% reduction target.	($1,276,302)	R	($1,276,302)	R

	FY 05-06		FY 06-07	
53 Instructional Support Services Reduces the non-personnel budgets in instruction, libraries, and instructional support services. This was submitted by the University System as part of their 4% reduction target.	($6,536,099)	R	($6,536,099)	R
54 Community Service / Outreach Reduces the non-personnel budgets in community service and outreach. This was submitted by the University System as part of their 4% reduction target.	($1,850,450)	R	($1,850,450)	R
55 Student Support Services Reduces the non-personnel budgets in student support services. A cut was not made in aid to private colleges and other related educational programs. This was submitted by the University System as part of their 4% reduction target.	($2,172,686)	R	($2,172,686)	R
56 Administrative Support Services Reduces the non-personnel budgets in Administrative Support Services. This was submitted by the University System as part of their 4% reduction target.	($8,418,747)	R	($8,418,747)	R
57 Summer School Eliminate General Fund subsidy of Summer School.	($3,658,515)	R	($3,658,515)	R
B. Expansion				
58 Enrollment Growth for UNC Campuses Funds the following enrollment growth in student FTE: 3,703.2 undergraduate and 283.5 graduate regular term students and 1,518.2 undergraduate and 1,416.9 graduate distance education students. The 6,921.8 added students is a 3.65% increase over the Fall 2004 enrollment of 189,615.	$72,753,678 534.70	R	$72,753,678 534.70	R
59 Legislative Tuition Grants for Private College Students Funds a 2.43% increase in enrollment growth in NC residents attending private colleges and universities in the state (to 32,570). Accommodates the enrollment at Johnson & Wales University and students no longer funded by Fort Bragg. Continues the LTG rate at $1,800 per student.	$1,395,488	R	$1,395,488	R
60 Need-Based Financial Aid Funds the expansion in the Need-based scholarship program from the Escheats Fund. $8,674,000 is needed due to enrollment growth and $3,200,000 is needed due to the student loss of Pell Grant funds from a formula change. The Escheats Fund will also continue to pay $1.1 million for the Health Science and Math Loan Program.				
61 Millennium Teacher Scholarship Loan Program Funds $390,000 for the second class of 60 teaching scholars at ECSU, FSU, and WSSU. This was inadvertently left out of the base budget. This program is funded from the Escheats Fund.				

	FY 05-06		FY 06-07	
62 UNC-NCCCS 2+2 E-Learning Initiative Provides funding for developing 2+2 distance education programs, for professional development for 2+2 faculty, for technology development and purchases, and for tracking students' progress between NCCCS and UNC. The Community College budget includes an additional $1 million to support the community college side of this initiative.	$1,000,000	NR		
63 UNC-NCCCS Joint Initiative for Teacher Education and Recruitment Creates 8 UNC positions to be based in the Regional Alternative Licensure Centers to support the expansion of the 2+2 Partnership Programs between UNC and NCCCS constituent institutions, to offer admissions advice to community college students seeking to transfer to a four year teacher education program, to work with prospective teachers to resolve curriculum issues between UNC and community colleges, and to recruit prospective teachers on community college campuses.	$640,000 8.00	R	$640,000 8.00	R
64 CFNC Teacher Recruitment and Marketing Online Module Funds a teacher recruitment module on the College Foundation of North Carolina (CFNC) website. The module would provide future teachers with a single source for information concerning education and licensing requirements; grants, scholarships, and loans; and on-line applications for admissions and financial aid.	$25,000	R	$25,000	R
65 Biotechnology Initiatives Appropriates $2 million to the Biomanufacturing Research Institute and Technology Enterprise (BRITE) at North Carolina Central University and $2 million to the Biomanufacturing Training and Education Center (BTEC) at North Carolina State University. Part of the funds are for scientific equipment and supplies needed for startup that were not funded by the construction grant from the Golden LEAF foundation. Funds will also be used to begin hiring administrative and research personnel.	$4,000,000	R	$4,000,000	R
66 UNC TV Closed Captioning Enables the UNC Center for Public Television to meet a Federal Communication Commission mandate to provide closed captioning on 100% of its content by January 1, 2006.UNC TV must comply with the FCC requirements in order to retain its broadcast license.	$483,978	R	$483,978	R
67 William and Ida Friday Institute for Educational Innovation Provides a reserve for staff, operations, and maintenance costs of the new facility constructed on North Carolina State's Centennial Campus adjacent to Wake County's Centennial Campus Middle School.	$1,000,000	R	$1,000,000	R

	FY 05-06		FY 06-07	
68 Teacher Scholarship for Math and Science Creates the Future Teachers of North Carolina Scholarship Fund. This fund will award 100 scholarship loans each year to juniors and seniors in North Carolina public and private colleges that agree to become certified to teach math, science, special education, or English as a Second Language in North Carolina public schools. The loan is $6,500 per year and is not repaid if the recipient teaches for three years in the state.	$650,000	R	$1,300,000	R
69 NC School of Science and Math University Tuition Funds the continued costs of the UNC tuition grant to graduates of the School of Science and Math that began in FY 2004-05. The base budget inadvertently left out funding for future graduates.	$585,565	R	$1,523,183	R
70 North Carolina in the World Project Makes a grant to the Center for International Understanding for the project "North Carolina in the World: A Plan to Increase Student Knowledge and Skills about the World".	$200,000	NR		
71 Manufacturing Extension Partnership Increases state funding to this program within the Industrial Extension Service that assists small manufacturers to become more globally competitive.	$150,000	NR		
72 NC A & T State University Matching Funds Increases the campus match of federal funds from 80% to 90% for agricultural research and extension programs as mandated by the Agricultural Research, Extension, and Education Reform Act of 1998. The funds are appropriated to the School of Agriculture and Environmental Science.	$1,089,000	R	$1,089,000	R
73 North Carolina Space Grant Consortium Provides funds to expand the program beyond the current participating universities (NCSU, NCA&T, NCCU, UNC-CH, UNCC, UNCP, WSSU, and Duke). The program attempts to attract students to science and engineering degrees by providing undergraduate scholarships, graduate fellowships, research seed grants, and community outreach.	$200,000	R	$200,000	R
74 Focused Growth Campus Funds Provides additional funds to be evenly divided among the seven focused growth institutions (ECSU, FSU, NCA&T, NCCU, UNC-P, WCU, WSSU).	$2,500,000	R	$2,500,000	R
75 Initiatives to Close the Achievement Gap Appropriates funds to the Board of Governors to continue to support the operations and work of the North Carolina Historically Minority Colleges and Universities Consortium. The Consortium will determine the best practices and methodologies for closing the achievement gap among children of various demographic groups who are performing below grade level.	$300,000	R	$300,000	R

	FY 05-06		FY 06-07	
76 Center for Craft, Creativity and Design Provides operating funds for this center located on UNC-A's Kellogg Center property in Henderson County. A private foundation has made a proposal to establish a permanent endowment to fund graduate scholarships contingent upon the Center obtaining state operating funds.	$200,000 2.50	R	$200,000 2.50	R
Total Legislative Changes	**($29,384,559)** **($1,089,924)**	R NR	**($31,791,245)**	R
Total Position Changes	-215.50		-215.50	
Revised Budget	**$1,993,847,959**		**$2,020,816,902**	

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Community Colleges

GENERAL FUND

	FY 05-06		FY 06-07	
Recommended Budget	**$756,320,880**		**$753,585,522**	

Legislative Changes

A. Categorical and Miscellaneous Programs

77 Community Service Block Grant Reduces the Community Service Block Grant by 10% (from $1,185,114) to $1,066,603).	($118,511)	R	($118,511)	R
78 Compensatory Education Reduces the appropriation for Compensatory Education by 10% (from $1,097,364 to $987,628). Colleges earn FTE for students enrolled in the Compensatory Education program.	($109,736)	R	($109,736)	R
79 Off-Campus Center Funding Eliminates the subsidy for off-campus center funding.	($1,400,000)	R	($1,400,000)	R
80 Public Radio Stations Reduces the appropriation for public radio stations by 50%, and reallocates the remaining funds equally to the radio stations at Craven Community College, Gaston College, and Isothermal Community College. Each college will receive $76,487.	($229,461)	R	($229,461)	R
81 NC Center for Applied Textile Technology Reduces the appropriation for the NC Center for Applied Textile Technology based on administrative savings from the merger with Gaston College.	($475,000)	R	($475,000)	R
82 Hosiery Technology Center Increases the Hosiery Technology Center's budget to $600,000, replacing funds lost from the Worker Training Trust Fund. These funds are being transferred from the NC Center for Applied Textile Technology (see item above).	$475,000	R	$475,000	R
83 Customized Industry Training Provides funding for a new workforce development program in the community college system that will allow colleges to serve companies that need training in order to stay competetive. The new program will complement training available to industry through Focused Industrial Training and New and Expanding Industry Training.	$2,000,000	R	$2,000,000	R
84 Small Business Centers Provides additional funding for the small business centers located at each community college.	$1,000,000	R	$1,000,000	R

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	FY 05-06		FY 06-07	
85 UNC-NCCCS 2+2 E-Learning Initiative Provides funding to support the development of 2+2 distance education programs, professional development for 2+2 faculty, technology development and purchases, and to track students' progress between NCCCS and UNC. The university budget includes an additional $1 million to support the university side of this initiative.	$1,000,000	R	$1,000,000	R
86 Isothermal Lifelong Learning Center Provides matching funds to Isothermal Community College for the Lifelong Learning Center. Funds may be used for construction of the facility or to equip the facility.	$500,000	NR		
B. Administrative and Instructional Formulae				
87 Curriculum Instructional Formula Authorizes the State Board of Community Colleges to modify the curriculum instructional formula by adjusting the unit value.	($7,608,407)	R	($7,608,407)	R
C. System Office				
88 System Office Personnel Provides additional funding for two accounting specialists in the Division of Business and Finance, and an administrative assistant in the Executive Division.	$150,000	R	$150,000	R
D. Enrollment, Tuition, and Financial Aid				
89 Enrollment Fully funds the community college enrollment increase. Enrollment increased by 2,449 FTE in FY 04-05, from 188,610 FTE to 191,059, a 1.30% increase.	$7,802,343	R	$7,802,343	R
90 Need Based Financial Aid Funds the Need Based Financial Aid program from the Escheats Fund. An additional $3,000,000 will be appropriated from the Escheats fund - $2 million to offset the change in Pell Grant eligibility, and $1 million to offset an increase in tuition. The total amount available for Need Based Financial Aid will be $13,981,202.	($10,981,202)	R	($10,981,202)	R
91 Tuition Increases community college tuition by 4%, from $38 per credit hour to $39.50. Full-time students will pay $632 per semester or $1,264 per year.	($5,577,516)	R	($5,577,516)	R
Total Legislative Changes	**($14,072,490)** **$500,000**	R NR	**($14,072,490)**	R
Total Position Changes				
Revised Budget	**$742,748,390**		**$739,513,03**	

VISITOR REGISTRATION SHEET

Joint Appropriations Subc. On Education/Higher Education — Apr. 18, 2005

Name of Committee — **Date 3:00 P.M.**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Michael Houser	NCAE
Mary Davis	NCAE
Josh Mabry	Gov office
Amy Mell	CH
Kel Howell	Gov's office
Brian Lewis	Covenant with NC's Children
Joel Maynard	(M)
Kevin Fitzgerald	UNC CH

VISITOR REGISTRATION SHEET

Joint Appropriations Subc. On Education/Higher Education — Apr. 18, 2005

Name of Committee — **Date 3:00 P.M.**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bryan J Conrad	OSBM
Trey O'Quinn	OSBM
Lydia Pruyn	DPI
[illegible]	WCPSS
Ann McArthur	Governor's Ofc.
Rebecca Troxler	NCACC
[illegible]	DPI
Joanna Higgins	NCSBA
Emma C. Treece	PEAC
[illegible]	Gov office
[illegible]	

VISITOR REGISTRATION SHEET

Joint Appropriations Subc. On Education/Higher Education — Apr. 18, 2005
Name of Committee — **Date 3:00 P.M.**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joanne Sheerer	nursing/TA
Jim Cay	NCAHE
FREDRIC DAVIS	NCAE
Brent Hunt	NCJCDC
Mary Perry	VIF
[illegible]	NCIC4
X John Boardish	ADA
[illegible]	PSF
[illegible]	NCCCS
Elizabeth [illegible]	OSBM
Jay Davis	UNC

VISITOR REGISTRATION SHEET

Joint Appropriations Subc. On Education/Higher Education — Apr. 18, 2005

Name of Committee — **Date 3:00 P.M.**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris Fitzsimon	NC Policy Watch
[illegible] Burks	UNC
[illegible]	UNC
Rob Nelson	UNC
Jerry Ferrich	UNC
Hal Miller	
Debbie Prince	SBE
[illegible]	The Mull[illegible]
Katherine Joyce	NCASA
Cecil BANKS	NCAE
[illegible]	[illegible]

Minutes
Senate Appropriations
Subcommittee on Education

May 3, 2005

The Senate Appropriations Subcommittee on Education held it's meeting on Tuesday, May 3, 2005 in Room 1124 of the Legislative Building. The meeting was called to order at 1:30 p.m. There were seven Senators present. Senator Jeanne H. Lucas chaired the meeting.

The Education Fiscal Research Division was in attendance. A visitor registration list, Senate Page list, visitor attendance sheet and handouts from Mr. Richard Bostic are made part of these minutes.

Senator Lucas explained the Public Education section of the Senate Appropriations Subcommittee on Education Money Report. The Senator asked if there were any procedural questions from the committee or the staff and requested that all questions be held until the end of the presentation. Senator Lucas recognized Adam Levinson to explain areas she had listed as needing additional clarification.

Questions from the committee members were raised and answered. Senator Nesbitt asked if there was a chart to show the difference in last year's budget and this year's budget. Senator Lucas requested a visual chart regarding the comparison.

Senator Lucas recognized Senator Swindell, who presented the UNC System and the Community Colleges parts of the Senate Appropriations Subcommittee on Education Money Report. Senator Swindell recognized Richard Bostic to clarify changes that were made in the report. Questions from the committee members were raised and answered by staff. Kevin Fitzgerald, UNC Special Assistant to the Chancellor was recognized and spoke favorably for the budget. Senator Swindell asked Kristine Legett to explain the Community Colleges area. Questions from the committee members were raised and answered by staff.

Senator Lucas acknowledged Adam Levinson to explain Provisions for Public Education and the University System. Senator Nesbitt had questions regarding the new provisions, which were answered by staff. Senator Swindell presented provisions for the Community Colleges and made a motion for a favorable report to be referred to Appropriations.

There being no further business the chair adjourned the meeting at 3:00 p.m.

Jeanne H. Lucas
Senator Jeanne H. Lucas, Presiding

Tonia Butler Perez, Committee Assistant

Senate Appropriations Subcommittee on Education
Money Report

May 3, 2005
1:00 P.M.

Public Education

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$6,585,323,929**		**$6,701,093,652**	
Legislative Changes				
A. Updated Projections				
1 Average Daily Membership (ADM) Revise projected increase in ADM for FY 2005-06 to reflect 2,338 more students than originally projected. Dollar amount of adjustment includes increases to all position, dollar, and categorical allotments. Total funded ADM for FY 2005-06 is 1,397,372, an increase of 28,309. Due to upward adjustment in ninth grade ADM, increase receipts from Highway Fund budgeted for Driver's Education by $129,405 in 2005-06 and $255,618 in 2006-07.	$9,402,812	R	$6,660,059	R
2 Budgeted Average Salary Revise budgeted funding for certified personnel salaries based on actual salary data from December 2004. Adjustment does not reduce any salary paid to certified personnel.	($23,642,099)	R	($23,965,417)	R
B. Continuation Budget Adjustments				
3 Central Office Administration Reduce dollar allotment for Central Office Administration by 0.5%. Resulting total allotment in FY 2005-06 is $101,494,560.	($510,023)	R	($510,023)	R
4 Teacher Assistants Reduce dollar allotment for teacher assistants. Resulting total allotment in FY 2005-06 is $337,375,675. Local education agencies (LEAs) are encouraged to use allotted funds to concentrate teacher assistants in grades K-2. LEAs may use funding allotted through the LEA Flexibility Fund (item 18) to offset these reductions.	($57,549,042)	R	($57,549,042)	R
5 School Building Administration Allot assistant principal positions on the basis of one 10-month position per 800 ADM. Resulting total allotment for assistant principals in FY 2005-06 is $80,538,079.	($5,038,433)	R	($5,038,433)	R
6 Textbooks Allot funds for textbooks on the basis of an inflationary increase of 7.3%. Resulting total allotment in 2005-06 is $85,996,465.	($2,389,506)	R	($2,389,506)	R

	FY 05-06		FY 06-07	
7 Limited English Proficiency (LEP) Discontinue base allotment of the dollar equivalent of one teacher assistant per qualifying LEA. Supplemental funds will continue to be allotted based on: (i) qualifying ADM, and (ii) concentration of LEP students. Resulting total allotment in FY 2005-06 is $40,980,218.	($2,674,670)	R	($2,674,670)	R
8 School Bus Replacement Provide funds to meet outstanding lease purchase payment obligations, and $10 million for new lease purchases (approximately 476 new buses). Resulting total allotment in FY 2005-06 is $47,190,642.	($7,915,450)	R	($7,915,450)	R
9 Department of Public Instruction (DPI) Reduce funds for the Department of Public Instruction by 2%.	($598,666)	R	($598,666)	R
10 ADM Contingency Reserve Reduce ADM Contingency Reserve. Resulting appropriation is $5,000,000.	($2,000,000)	R	($2,000,000)	R
11 Fund One LEA per County Fund all position, dollar, and categorical allotments on the basis of one LEA per county.			($12,206,745)	R
C. Reductions: Pass-Through Funds				
12 ExplorNet Reduce pass-through funding to non-profit program. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development. Remaining recurring appropriation is $150,000.	($250,000)	R	($250,000)	R
13 NC Network Reduce pass-through funding to non-profit program by 10%. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development.	($28,350)	R	($28,350)	R
14 Partnership for Excellence Eliminate pass-through funding to non-profit program. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development.	($50,000)	R	($50,000)	R
D. Increased Receipts				
15 Corporate Income Tax Redirect corporate income tax receipts that would otherwise be deposited in the Public School Building Capital & Technology Fund, per rewritten G.S. 115C-546.1(b), to the State Public School Fund to support public school operations. Estimated resulting revenue to Capital & Technology Fund in FY 2005-06 is $25 million.	($50,000,000)	NR	($41,100,000)	NR

	FY 05-06		FY 06-07	
16 Increase School Building Capital & Technology Fund Transfer $70 million in receipts from the Lottery Fund to the School Building Capital & Technology Fund to support local school capital and technology infrastructure projects.				
E. Expansion: State Public School Fund				
17 Restore Funding and Eliminate Negative Reserve Restore the recurring negative reserve ("LEA Discretionary Reduction") that exists in the continuation budget.	$44,291,248	R	$44,291,248	R
18 LEA Flexibility Fund Allot discretionary funds to LEAs on the basis of ADM to enhance LEAs' ability to provide all of their students with the opportunity for high academic achievement. LEAs may use this allotment for any purpose allowable under the State Board of Education's chart of accounts. LEAs are encouraged to fund additional instructional positions, such as teachers and teacher assistants; instructional support, such as nurses, counselors, and social workers; and school building administration, such as assistant principals. LEAs may use these funds to offset reductions appearing elsewhere in this budget document.	$47,300,000	R	$47,300,000	R
19 Disadvantaged Student Supplemental Funding (DSSF) Continue funding at levels allotted in FY 2004-05 for the sixteen pilot LEAs that have previously received DSSF allotments . Allot remaining funds to all other LEAs per the DSSF Allotment Formula developed by the State Board of Education. LEAs are encouraged to use funds to reduce class size and/or hire additional instructional support personnel, such as counselors, social workers, and nurses.	$47,500,000	R	$47,500,000	R
20 Evaluate Effectiveness of DSSF and Low Wealth Initiatives Provide funds for evaluation of both (i) the extent to which LEAs use DSSF and Low Wealth supplemental allotments to improve outcomes for students at-risk of school failure, and (ii) the extent to which DPI supports the LEAs in using DSSF and other supplemental allotments efficiently and effectively.	$1,000,000	NR		
21 ABC Bonuses Fund ABC bonuses for schools that met or exceeded expected growth in the 2004-05 school year.	$100,000,000	NR		
22 Learn and Earn Initiative	$1,541,695	R	$1,541,695	R
Expand the Learn and Earn High School Workforce Development Initiative into an additional five high schools (bringing the total to ten). Provide planning grants to ten additional high schools.	$450,000	NR		
23 Virtual High School Provide funds to the State Board of Education for establishment and implementation of a pilot virtual high school during the 2005-2006 school year.	$150,000	R	$150,000	R

	FY 05-06		FY 06-07	
24 Online Professional Development Resource Center for Teachers and Principals Provide funds to the State Board of Education for the establishment of a web portal that catalogues high-quality professional development opportunities for teachers and principals.	$100,000	NR		
F. Expansion: Pass-Through Funds				
25 Teaching Fellows Scholarships Fund 100 additional Teaching Fellows Scholarships.	$650,000	R	$1,300,000	R
26 Communities in Schools Provide additional pass-through funding to non-profit program.	$500,000	NR		
27 A+ Schools Provide funding to support non-profit program that assists schools in implementing comprehensive school reform by integrating arts into the curriculum.	$100,000	R	$100,000	R
28 Center for 21st Century Skills Provide funds to the State Board of Education for establishment of the Center for 21st Century Skills. The State Board will transfer funds to the Office of the Governor for this purpose.	$250,000	R	$250,000	R
29 Teacher Working Conditions Survey Provide funds to the State Board of Education for the administration of the Governor's Teacher Working Conditions Survey.	$115,000	R	$115,000	R
30 SAS in Schools Fund Statewide license for SAS in Schools, an instructional resource that will be made available to all NC teachers on-line through NC WISEOWL.	$500,000	R	$500,000	R
31 Regional Education Networks Provide funds to the North Carolina Rural Economic Development Center and the e-NC Authority for a feasibility study on developing regional education networks that are centrally managed to provide and sustain broadband connectivity to individual students and teachers in schools, community colleges, and universities. In conducting the study, the Rural Economic Development Center and e-NC Authority shall collaborate with representatives from local school administrative units, The University of North Carolina, the State Board of Education, the State Chief Information Officer, and the Community College System.	$100,000	NR		
32 Commission for a Sound Basic Education Provide funding to the General Assembly to support the Commission for a Sound Basic Education.	$200,000	NR		

G. Expansion: Department of Public Instruction

33 Receipt Supported Positions

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

A. Healthy Schools - Federal HIV and Abstinence Education Funds
3 Education Consultants - $249,056
1 Program Assistant V - $42,648
Consultants will assist schools in providing health education for HIV and other health issues for school-age populations. Program Assistant will provide clerical and program support for the staff.

B. Safe Schools - Federal 21st Century Community Learning Centers and Safe and Drug Free Schools Funds
3 Education Consultants - $249,056
1 Program Assistant IV - $39,558
One Consultant will provide technical assistance to schools and LEAs on middle and high school counseling issues. Two Consultants will provide technical assistance to and monitor the 190 centers providing after school programs to at-risk students. Program Assistant will provide clerical and program support for the staff.

C. Child Nutrition - Federal Child Nutrition Funds
2 School Meals Program Consultants - $133,480
One Consultant will assist local education agencies in ensuring that all compliance requirements for federal child nutrition programs are met. The other Consultant will coordinate the implementation and oversight of US Department of Agriculture's Seamless Summer Food Service program, Summer Milk program, Fruit and Vegetable Program, USDA Best Practice program, and the Healthier US program.

D. LEA Plant Operations - Plant Operation Maintenance Receipts
Facility Electrical Engineer II - $90,755
Engineering Technician II - $49,713
Positions will assist LEA customers with engineering projects which includes designing, installing and assisting with electrical, mechanical, HVAC and plumbing projects.

E. Evaluation and Compliance - Federal Title 1 Funds and Indirect Cost Receipts
Program Assistant V - $42,648
Personnel Analyst II - $66,740
Program Assistant V will provide clerical and program support to the Senior Research Director and the Education Program Administrator for evaluation, research and federal programs. Personnel Analyst II will train agency management and employees with respect to employee relations, the performance management system, and equal employment opportunity policies.

Senate Subcommittee on Education	FY 05-06		FY 06-07	
Total Legislative Changes	**$49,154,516**	**R**	**$34,531,700**	**R**
	$52,350,000	**NR**	**($41,100,000)**	**NR**
Total Position Changes				
Revised Budget	**$6,686,828,445**		**$6,694,525,352**	

UNC System

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$2,024,322,442**		**$2,052,608,147**	
Legislative Changes				
A. Reductions				
34 Management Flexibility Reduction for Certain UNC Campuses and Programs Reduces the budgets for the NC School for the Arts, UNC-CH AHEC, NC School of Science and Math, and the Center for Public Television by .5%.	($452,750)	R	($452,750)	R
35 Management Flexibility Reduction for UNC Campuses and Programs Reduces the UNC budget for campuses and other programs by 1%, except for those programs identified for a .5% reduction. This reduction excludes Related Educational Programs (Legislative Tuition Grants, State Contractual Scholarship Program, etc.), the Hunt Institute, and the following K-12 programs : Model Teacher Education Consortium, NC Education Research Council, NC Teach, NC Teacher Academy, Principals Executive Program, Principal Fellows Program, Math and Science Education Network, and the NC Center for the Advancement of Teaching.	($17,486,587)	R	($17,486,587)	R
36 Inflationary Adjustments and Equipment Replacement Eliminates the inflationary adjustments and equipment replacement allowed by OSBM in the base budget. Remaining in the budget are adjustments to personal services, aid/grants, reserves, and receipts.	($13,561,121)	R	($15,700,288)	R
37 Summer School Eliminates General Fund subsidy of Summer School.	($3,658,515)	R	($3,658,515)	R
38 Building Reserves - Minimum Hiring Rate Reduces the starting salary from the midpoint to the minimum of the pay range for positions related to the operation of new buildings opening during the fiscal year.	($1,428,329)	R	($3,005,385)	R
39 Building Reserves - Completion Dates Adjusts the estimated completion dates for construction projects for information made available in March 2005. A delay in project completion results in a reduction in the number of months needed to staff and operate the new or renovated buildings.	($2,189,924)	NR		

	FY 05-06		FY 06-07	
40 SREB Contractual Spaces Eliminates funding for 16 vacant contracted spaces in optometry, dentistry and medical schools negotiated through the Southern Regional Educational Board.(7 dental, 7 medicine, and 68 optometry slots are currently filled with NC residents.)	($169,600)	R	($169,600)	R
41 Need-Based Financial Aid Continues funding the Need Based Financial Aid program from the Escheats Fund.	($23,975,714)	R	($23,975,714)	R
42 Private Medical School Aid Eliminates $305,788 from the base budget and a $330,212 projected increase for 05-06 based on data from the State Education Assistance Authority. The $1.7 million remaining in the base budget will handle the growth in the number of NC residents attending Wake Forest University and Duke University medical schools.	($636,000)	R	($636,000)	R
43 Medical Scholarships Reduces the base budget by $154,664 and eliminates a $613,635 projected increase because recent data from the State Education Assistance Authority shows that $1.56 million is sufficient to handle growth in the number of NC residents attending medical schools at ECU, UNC, WFU and Duke.	($768,299)	R	($768,299)	R
44 State Contractual Scholarship Program Adjusts the program budget to actual needs. Allows for 2.43% growth in enrollment of NC residents in the state's private colleges and universities and funds the enrollment of 575 NC residents at Johnson and Wales University. Continues the $1,100 per student grant to the colleges.	($545,800)	R	($545,800)	R
45 Model Teaching Education Consortium Reduces funding for this program.	($1,000,000)	R	($1,000,000)	R
46 Juvenile Justice Institute Reduces the appropriation to this institute at NCCU from $500,000 to $250,000.	($250,000)	R	($250,000)	R
47 Legislators' Schools for Youth Leadership Development Abolishes the summer youth programs based at ECU and WCU.	($498,975) -5.00	R	($498,975) -5.00	R
48 Non-credit and Receipt Supported Instruction Eliminates General Fund subsidy of non-credit and receipt supported instruction on all campuses.	($684,532)	R	($684,532)	R

	FY 05-06		FY 06-07	
B. Expansion				
49 Enrollment Growth for UNC Campuses Funds the following enrollment growth in student FTE: 3,703.2 undergraduate and 283.5 graduate regular term students and 1,518.2 undergraduate and 1,416.9 graduate distance education students. The 6,921.8 added students is a 3.65% increase over the Fall 2004 enrollment of 189,615.	$72,753,678 534.70	R	$72,753,678 534.70	R
50 Enrollment Growth for NC School of Science and Math Increases the enrollment at the NC School of Science and Math by 10 students.	$200,000 3.00	R	$200,000 3.00	R
51 UNCW / ASU Equity Funding Increases appropriations to UNCW and ASU so that the appropriation per FTE (full time equivalent) student is 1 standard deviation from the mean for all UNC System campuses. The current appropriation per FTE student is $8,545 for the UNC System, while the approp./FTE for UNCW is $6,339 (-1.46 STD) and for ASU is $6,933 (-1.07 STD).	$8,398,101	R	$8,398,101	R
52 UNCC Transition to Doctoral / Research Intensive Status Provides funding for additional faculty, library resources, and technology infrastructure needed to implement approved doctoral programs. UNCC achieved Doctoral/Research Intensive status in 2000, but has not received the operating funds commensurate with this elevated academic status.	$5,000,000	R	$10,000,000	R
53 Legislative Tuition Grants for Private College Students Funds a 2.43% increase in enrollment growth in NC residents attending private colleges and universities in the state (to 32,570). Accommodates the enrollment at Johnson & Wales University and students no longer funded by Fort Bragg. Continues the LTG rate at $1,800 per student.	$1,395,488	R	$1,395,488	R
54 Need-Based Financial Aid Funds the expansion in the Need-based scholarship program from the Escheats Fund. $8,674,000 is needed due to enrollment growth and $3,200,000 is needed due to the student loss of Pell Grant funds from a formula change. The Escheats Fund will also continue to pay $1.1 million for the Health Science and Math Loan Program.				
55 Millennium Teacher Scholarship Loan Program Funds $390,000 for the second class of 60 teaching scholars at ECSU, FSU, and WSSU. This was inadvertently left out of the base budget. This program is funded from the Escheats Fund.				
56 UNC-NCCCS 2+2 E-Learning Initiative Provides funding for developing 2+2 distance education programs, for professional development for 2+2 faculty, for technology development and purchases, and for tracking students' progress between NCCCS and UNC. The Community College budget includes an additional $1 million to support the community college side of this initiative.	$1,000,000	NR		

	FY 05-06		FY 06-07	
57 UNC-NCCCS Joint Initiative for Teacher Education and Recruitment	$640,000	R	$640,000	R
Creates 8 UNC positions to be based in the Regional Alternative Licensure Centers to support the expansion of the 2+2 Partnership Programs between UNC and NCCCS constituent institutions, to offer admissions advice to community college students seeking to transfer to a four year teacher education program, to work with prospective teachers to resolve curriculum issues between UNC and community colleges, and to recruit prospective teachers on community college campuses.	8.00		8.00	
58 CFNC Teacher Recruitment and Marketing Online Module	$25,000	R	$25,000	R
Funds a teacher recruitment module on the College Foundation of North Carolina (CFNC) website. The module would provide future teachers with a single source for information concerning education and licensing requirements; grants, scholarships, and loans; and on-line applications for admissions and financial aid.				
59 Biotechnology Initiatives	$4,941,079	R	$4,941,079	R
Appropriates $2 million to the Biomanufacturing Research Institute and Technology Enterprise (BRITE) at North Carolina Central University and $2.94 million to the Biomanufacturing Training and Education Center (BTEC) at North Carolina State University. Part of the funds are for scientific equipment and supplies needed for startup that were not funded by the construction grant from the Golden LEAF foundation. Funds will also be used to begin hiring administrative and research personnel.				
60 UNC TV Closed Captioning	$483,978	R	$483,978	R
Enables the UNC Center for Public Television to meet a Federal Communication Commission mandate to provide closed captioning on 100% of its content by January 1, 2006.UNC TV must comply with the FCC requirements in order to retain its broadcast license.				
61 William and Ida Friday Institute for Educational Innovation	$2,500,000	R	$2,500,000	R
Provides a reserve for staff, operations, and maintenance costs of the new facility constructed on North Carolina State's Centennial Campus adjacent to Wake County's Centennial Campus Middle School.				
62 Teacher Scholarship for Math and Science	$650,000	R	$1,300,000	R
Creates the Future Teachers of North Carolina Scholarship Fund. This fund will award 100 scholarship loans each year to juniors and seniors in North Carolina public and private colleges that agree to become certified to teach math, science, special education, or English as a Second Language in North Carolina public schools. The loan is $6,500 per year and is not repaid if the recipient teaches for three years in the state.				

	FY 05-06		FY 06-07	
63 NC School of Science and Math University Tuition Funds the continued costs of the UNC tuition grant to graduates of the School of Science and Math that began in FY 2004-05. The base budget inadvertently left out funding for future graduates.	$585,565	R	$1,523,183	R
64 North Carolina in the World Project Makes a grant to the Center for International Understanding for the project "North Carolina in the World: A Plan to Increase Student Knowledge and Skills about the World".	$200,000	NR		
65 Manufacturing Extension Partnership Increases state funding to this program within the Industrial Extension Service that assists small manufacturers to become more globally competitive.	$150,000	NR		
66 NC A & T State University Matching Funds Increases the campus match of federal funds from 80% to 90% for agricultural research and extension programs as mandated by the Agricultural Research, Extension, and Education Reform Act of 1998. The funds are appropriated to the School of Agriculture and Environmental Science.	$1,089,000	R	$1,089,000	R
67 North Carolina Space Grant Consortium Provides funds to expand the program beyond the current participating universities. The program attempts to attract students to science and engineering degrees by providing undergraduate scholarships, graduate fellowships, research seed grants, and community outreach.	$200,000	R	$200,000	R
68 Focused Growth Campus Funds Provides additional funds to be evenly divided among the seven focused growth institutions (ECSU, FSU, NCA&T, NCCU, UNC-P, WCU, WSSU).	$2,500,000	R	$2,500,000	R
69 Initiatives to Close the Achievement Gap Appropriates funds to the Board of Governors to continue to support the operations and work of the North Carolina Historically Minority Colleges and Universities Consortium. The Consortium will determine the best practices and methodologies for closing the achievement gap among children of various demographic groups who are performing below grade level.	$300,000	R	$300,000	R
70 Center for Craft, Creativity and Design Provides operating funds for this center located on UNC-A's Kellogg Center property in Henderson County. A private foundation has made a proposal to establish a permanent endowment to fund graduate scholarships contingent upon the Center obtaining state operating funds.	$200,000 2.50	R	$200,000 2.50	R

	FY 05-06		FY 06-07	
86 Community College Innovative Learning Fund Provides funding for innovative learning projects to assist colleges in meeting the needs of the changing economy. Funds will be distributed on a case by case basis as determined by the President of the Community College System and the State Board of Community Colleges. Priority will be given to projects that directly impact teacher education, allied health, economic development, or public safety. These funds may be used for planning, equipment, technology, or capital for innovative learning centers.	$10,000,000	NR		
87 Isothermal Lifelong Learning Center Provides matching funds to Isothermal Community College for the Lifelong Learning Center. Funds may be used for construction of the facility or to equip the facility.	$2,000,000	NR		
88 Equipment Provides additional non-recurring funding for community college equipment. Of these funds, up to $500,000 may be used for the design of a replacement boat for the Marine Technology Program at Cape Fear Community College.	$10,000,000	NR		
89 NCCCS BioNetwork Provides funding for the NCCCS BioNetwork.	$7,101,864	R	$7,101,864	R
90 Advanced Manufacturing Center Provides funding for the construction of the Bosch & Siemens Advanced Manufacturing Center at Craven Community College.	$3,700,000	NR		
91 Forsyth Tech Center for Emerging Technologies Provides funds for the construction of the Center for Emerging Technologies at Forsyth Technical Community College. The Center will house the biotechnology, nanotechnology, design, and advance information technology programs, the Small Business Center, and Corporate Training Services.	$5,000,000	NR		
92 Southeastern Community College Facility Funds Provides funds to establish, acquire, and/or renovate facilities for biotechnology and other programs at Southeastern Community College.	$3,000,000	NR		
93 Defense Technology Innovation Center Provides funds to the NC Electronics and Information Technologies Association (NCEITA) for the development of the Defense Technology Innovation Center, a business incubator focusing on economic development opportunities in the industries relating to homeland security and national defense.	$2,000,000	NR		
94 Robeson Community College Workforce Development Center Provides funds to Robeson Community College for the construction of the Workforce Development Center. Funds may also be used for the establishment of a training facility to provide training on the construction and use of structural insulated panels (SIPs).	$1,350,000	NR		

	FY 05-06		FY 06-07	
95 Lenoir Community College Simulated Cell Area Provides funds to Lenoir Community College for the fabrication of a simulated cell for use in training prison personnel in Greene County and the surrounding areas.	$250,000	NR		
96 Bladen Community College Funds Provides funding for Bladen Community College for equipment and planning. These funds may also be used to supplement maintenance of plant costs once all local funding for this purpose has been expended.	$205,000	NR		
97 Cleveland Community College Allied Health & Science Building Provides fundsfor equipment and supplies for the Allied Health and Science Building at Cleveland Community College.	$200,000	NR		
98 Gaston College Allied Health Center Provides matching funds to Gaston College for construction and equipment for the Gaston College Allied Health Center.	$4,000,000	NR		
99 COA Chowan Campus Funds Provides funds to continue construction of Phase I of the Chowan campus expansion. These funds may be used for construction or equipment on the Chowan campus.	$1,000,000	NR		
100 Surry CC Viticulture Center Provides funding for the expansion of the Viticulture Center at Surry Community College. These funds may be used for construction or equipment.	$500,000	NR		
B. Administrative and Instructional Formulae				
101 Curriculum Instructional Formula Authorizes the State Board of Community Colleges to modify the curriculum instructional formula by adjusting the unit value.	($7,608,407)	R	($7,608,407)	R
C. System Office				
102 System Office Personnel Provides additional funding for two accounting specialists in the Division of Business and Finance, and an administrative assistant in the Executive Division.	$150,000	R	$150,000	R
103 Reciept Supported Positions Allows for the creation of the following receipt supported positions in the Community College System Office: A. Career Readiness Certification - Workforce Investmetn Act Funds through the Division of Employment & Training in the Department of Commerce 1 Education Consultant II - $80,155.40 This position will provide leadership and policy direction to the new Career Readiness Certification System that will be implemented by NCCCS, the local colleges, and the JobLink Career Centers across the State.				

	FY 05-06		FY 06-07	
D. Enrollment, Tuition, and Financial Aid				
104 Enrollment Fully funds the community college enrollment increase. Enrollment increased by 2,449 FTE in FY 04-05, from 188,610 FTE to 191,059, a 1.30% increase.	$7,802,343	R	$7,802,343	R
105 Need Based Financial Aid Funds the Need Based Financial Aid program from the Escheats Fund. An additional $3,000,000 will be appropriated from the Escheats fund - $2 million to offset the change in Pell Grant eligibility, and $1 million to offset an increase in tuition. The total amount available for Need Based Financial Aid will be $13,981,202.	($10,981,202)	R	($10,981,202)	R
106 Tuition Increases community college tuition by 4%, from $38 per credit hour to $39.50. Full-time students will pay $632 per semester or $1,264 per year.	($5,577,516)	R	($5,577,516)	R
E. Faculty Salaries				
107 Increase Faculty and Professional Staff Salaries Funds are included in the Salary Reserve Section of this budget to provide an additional 2% increase to faculty and professional staff in the community colleges. These funds are in addition to funds provided for State Employee increases.				
Total Legislative Changes	**($6,741,165)** **$43,205,000**	**R** **NR**	**($6,741,165)**	**R**
Total Position Changes				
Revised Budget	**$792,784,715**		**$746,844,357**	

Senate Appropriations Subcommittee on Education Provisions

May 3, 2005

PART VII. PUBLIC SCHOOLS

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective for the 2005-2006 school year and for the 2006-2007 school year, the Director of the Budget shall transfer from the Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools funds necessary to implement the teacher salary schedules set out in subsection (b) of this section and for longevity in accordance with subsection (d) of this section, including funds for the employer's retirement and social security contributions 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.

SECTION 7.1.(b) The following monthly salary schedules shall apply for the 2005-2006 and the 2006-2007 fiscal years 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.

2005-2006 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	$2,545	N/A
1	$2,587	N/A
2	$2,631	N/A
3	$2,786	$3,120
4	$2,926	$3,278
5	$3,059	$3,427
6	$3,189	$3,571
7	$3,292	$3,687
8	$3,340	$3,740
9	$3,389	$3,795
10	$3,439	$3,851
11	$3,488	$3,906
12	$3,539	$3,963
13	$3,589	$4,019
14	$3,642	$4,079
15	$3,696	$4,140
16	$3,751	$4,202
17	$3,806	$4,263
18	$3,864	$4,328
19	$3,922	$4,393

20	$3,980	$4,458
21	$4,042	$4,528
22	$4,104	$4,596
23	$4,169	$4,669
24	$4,233	$4,740
25	$4,298	$4,813
26	$4,364	$4,887
27	$4,432	$4,963
28	$4,502	$5,043
29	$4,573	$5,122

2005-2006 Monthly Salary Schedule
"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,800	N/A
1	$2,846	N/A
2	$2,894	N/A
3	$3,063	$3,431
4	$3,219	$3,605
5	$3,366	$3,769
6	$3,507	$3,927
7	$3,621	$4,055
8	$3,673	$4,114
9	$3,727	$4,175
10	$3,782	$4,236
11	$3,837	$4,298
12	$3,892	$4,360
13	$3,947	$4,421
14	$4,006	$4,487
15	$4,065	$4,553
16	$4,126	$4,621
17	$4,188	$4,690
18	$4,250	$4,759
19	$4,315	$4,832
20	$4,379	$4,904
21	$4,447	$4,980
22	$4,514	$5,056
23	$4,585	$5,136
24	[illegible]	$5,215
25		$5,288

26	$4,795	$5,376
27	$4,875	$5,460
28	$4,952	$5,547
29	$5,031	$5,634

2006-2007 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	$2,574	N/A
1	$2,617	N/A
2	$2,661	N/A
3	$2,818	$3,156
4	$2,960	$3,315
5	$3,095	$3,466
6	$3,225	$3,612
7	$3,329	$3,729
8	$3,378	$3,783
9	$3,428	$3,839
10	$3,478	$3,896
11	$3,528	$3,951
12	$3,580	$4,009
13	$3,630	$4,066
14	$3,684	$4,126
15	$3,739	$4,187
16	$3,794	$4,250
17	$3,850	$4,312
18	$3,909	$4,378
19	$3,967	$4,443
20	$4,026	$4,509
21	$4,089	$4,580
22	$4,151	$4,649
23	$4,217	$4,723
24	$4,281	$4,795
25	$4,347	$4,869
26	$4,414	$4,944
27	$4,483	$5,021
28	$4,554	$5,101
29	$4,626	$5,181

2006-2007 Monthly Salary Schedule
"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,832	N/A
1	$2,879	N/A
2	$2,927	N/A
3	$3,099	$3,470
4	$3,256	$3,646
5	$3,404	$3,812
6	$3,547	$3,972
7	$3,663	$4,102
8	$3,715	$4,161
9	$3,770	$4,223
10	$3,826	$4,284
11	$3,881	$4,347
12	$3,937	$4,410
13	$3,993	$4,472
14	$4,052	$4,539
15	$4,112	$4,605
16	$4,173	$4,674
17	$4,236	$4,744
18	$4,299	$4,814
19	$4,364	$4,888
20	$4,429	$4,961
21	$4,498	$5,038
22	$4,566	$5,114
23	$4,638	$5,195
24	$4,710	$5,275
25	$4,781	$5,355
26	$4,855	$5,438
27	$4,931	$5,523
28	$5,009	$5,611
29	$5,088	$5,699

SECTION 7.1.(c) Annual longevity payments for teachers shall be at the rate of 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. The longevity payment shall be paid in a lump sum once a year.

SECTION 7.1.(d) Certified public schoolteachers with certification based on applicable 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 schoolteachers 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 7.1.(e) 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 7.1.(f) 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.

SECTION 7.1.(g) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 7.1.(h) As used in this section, the term "teacher" shall also include instructional support personnel.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2.(a) Effective for the 2005-2006 school year and for the 2006-2007 school year, the Director of the Budget shall transfer from the Reserve for Compensation Increases funds necessary to implement the salary schedules for

school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 7.2.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2005-2006 fiscal year, commencing July 1, 2005, is as follows:

2005-2006
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	$3,256		-	-	-
5	$3,404	-	-	-	-
6	$3,547	-	-	-	-
7	$3,662	-	-	-	-
8	$3,715	$3,715	-	-	-
9	$3,769	$3,769	-	-	-
10	$3,825	$3,825	$3,880	-	-
11	$3,880	$3,880	$3,936	-	-
12	$3,936	$3,936	$3,993	$4,052	-
13	$3,993	$3,993	$4,052	$4,111	$4,173
14	$4,052	$4,052	$4,111	$4,173	$4,235
15	$4,111	$4,111	$4,173	$4,235	$4,298
16	$4,173	$4,173	$4,235	$4,298	$4,363
17	$4,235	$4,235	$4,298	$4,363	$4,428
18	$4,298	$4,298	$4,363	$4,428	$4,497
19	$4,363	$4,363	$4,428	$4,497	$4,565
20	$4,428	$4,428	$4,497	$4,565	$4,638
21	$4,497	$4,497	$4,565	$4,638	$4,708
22	$4,565	$4,565	$4,638	$4,708	$4,780
23	$4,638	$4,638	$4,708	$4,780	$4,855
24	$4,708	$4,708	$4,780	$4,855	$4,931
25	$4,780	$4,780	$4,855	$4,931	$5,008
26	$4,855	$4,855	$4,931	$5,008	$5,088
27	$4,931	$4,931	$5,008	$5,088	$5,189
28	$5,008	$5,008	$5,088	$5,189	$5,294
29	$5,088	$5,088	$5,189	$5,294	$5,400
30	$5,189	$5,189	$5,294	$5,400	$5,508
31	$5,294	$5,294	$5,400	$5,508	$5,617
32	-	$5,400	$5,508	$5,617	$5,730
33	-	-	$5,617	$5,730	$5,845
34	-	-	$5,730	$5,845	$5,962

35	-	-	$5,962	$6,081
36	-	-	$6,081	$6,203
37	-	-	-	$6,327

2005-2006
Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
14	$4,298	-	-	-
15	$4,363	-	-	-
16	$4,428	$4,497	-	-
17	$4,497	$4,565	$4,708	-
18	$4,565	$4,638	$4,780	$4,855
19	$4,638	$4,708	$4,855	$4,931
20	$4,708	$4,780	$4,931	$5,008
21	$4,780	$4,855	$5,008	$5,088
22	$4,855	$4,931	$5,088	$5,189
23	$4,931	$5,008	$5,189	$5,294
24	$5,008	$5,088	$5,294	$5,400
25	$5,088	$5,189	$5,400	$5,508
26	$5,189	$5,294	$5,508	$5,617
27	$5,294	$5,400	$5,617	$5,730
28	$5,400	$5,508	$5,730	$5,845
29	$5,508	$5,617	$5,845	$5,962
30	$5,617	$5,730	$5,962	$6,081
31	$5,730	$5,845	$6,081	$6,203
32	$5,845	$5,962	$6,203	$6,327
33	$5,962	$6,081	$6,327	$6,453
34	$6,081	$6,203	$6,453	$6,583
35	$6,203	$6,327	$6,583	$6,714
36	$6,327	$6,453	$6,714	$6,847
37	$6,453	$6,583	$6,847	$6,985
38	$6,583	$6,714	$6,985	$7,124
39	-	$6,847	$7,124	$7,266
40	-	$6,985	$7,266	$7,412
41	-	-	$7,412	$7,560

SECTION 7.2.(c) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2006-2007 fiscal year, commencing July 1, 2006, is as follows:

2006-2007
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	$3,297	-	-	-	-
5	$3,448	-	-	-	-
6	$3,593	-	-	-	-
7	$3,709	-	-	-	-
8	$3,762	$3,762	-	-	-
9	$3,817	$3,817	-	-	-
10	$3,874	$3,874	$3,930	-	-
11	$3,930	$3,930	$3,987	-	-
12	$3,987	$3,987	$4,044	$4,104	-
13	$4,044	$4,044	$4,104	$4,163	$4,226
14	$4,104	$4,104	$4,163	$4,226	$4,289
15	$4,163	$4,163	$4,226	$4,289	$4,353
16	$4,226	$4,226	$4,289	$4,353	$4,419
17	$4,289	$4,289	$4,353	$4,419	$4,484
18	$4,353	$4,353	$4,419	$4,484	$4,554
19	$4,419	$4,419	$4,484	$4,554	$4,623
20	$4,484	$4,484	$4,554	$4,623	$4,697
21	$4,554	$4,554	$4,623	$4,697	$4,769
22	$4,623	$4,623	$4,697	$4,769	$4,842
23	$4,697	$4,697	$4,769	$4,842	$4,917
24	$4,769	$4,769	$4,842	$4,917	$4,994
25	$4,842	$4,842	$4,917	$4,994	$5,072
26	$4,917	$4,917	$4,994	$5,072	$5,153
27	$4,994	$4,994	$5,072	$5,153	$5,256
28	$5,072	$5,072	$5,153	$5,256	$5,361
29	$5,153	$5,153	$5,256	$5,361	$5,469
30	$5,256	$5,256	$5,361	$5,469	$5,579
31	$5,361	$5,361	$5,469	$5,579	$5,689
32	-	$5,469	$5,579	$5,689	$5,803
33	-	-	$5,689	$5,803	$5,920
34	-	-	$5,803	$5,920	$6,039
35	-	-	-	$6,039	$6,158
36	-	-	-	$6,158	$6,282
37	-	-	-	-	$6,408

Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
14	$4,353	-	-	-
15	$4,419	-	-	-
16	$4,484	$4,554	-	-
17	$4,554	$4,623	$4,769	-
18	$4,623	$4,697	$4,842	$4,917
19	$4,697	$4,769	$4,917	$4,994
20	$4,769	$4,842	$4,994	$5,072
21	$4,842	$4,917	$5,072	$5,153
22	$4,917	$4,994	$5,153	$5,256
23	$4,994	$5,072	$5,256	$5,361
24	$5,072	$5,153	$5,361	$5,469
25	$5,153	$5,256	$5,469	$5,579
26	$5,256	$5,361	$5,579	$5,689
27	$5,361	$5,469	$5,689	$5,803
28	$5,469	$5,579	$5,803	$5,920
29	$5,579	$5,689	$5,920	$6,039
30	$5,689	$5,803	$6,039	$6,158
31	$5,803	$5,920	$6,158	$6,282
32	$5,920	$6,039	$6,282	$6,408
33	$6,039	$6,158	$6,408	$6,536
34	$6,158	$6,282	$6,536	$6,667
35	$6,282	$6,408	$6,667	$6,800
36	$6,408	$6,536	$6,800	$6,935
37	$6,536	$6,667	$6,935	$7,074
38	$6,667	$6,800	$7,074	$7,215
39		$6,935	$7,215	$7,359
40		$7,074	$7,359	$7,507

SECTION 7.2.(d) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high 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 and in cooperative innovative high school programs 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 7.2.(e) 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 7.2.(f) 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 7.2.(g) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 7.2.(h) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

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

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

SECTION 7.2.(i) Participants in an approved full-time masters in school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. For the 2005-2006 fiscal year and subsequent fiscal years, the 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. The Principal Fellows Program or the school of education where the intern participates in a full-time masters in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7.2.(j) During the 2005-2006 fiscal year and the 2006-2007 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

CENTRAL OFFICE SALARIES

SECTION 7.3.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2005-2006 fiscal year, beginning July 1, 2005.

School Administrator I	$2,932	$5,506
School Administrator II	$3,112	$5,840
School Administrator III	$3,303	$6,195
School Administrator IV	$3,436	$6,442
School Administrator V	$3,574	$6,702
School Administrator VI	$3,792	$7,108
School Administrator VII	$3,945	$7,394

The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2006-2007 fiscal year, beginning July 1, 2006.

School Administrator I	$2,932	$5,671
School Administrator II	$3,112	$6,015
School Administrator III	$3,303	$6,380
School Administrator IV	$3,436	$6,636
School Administrator V	$3,574	$6,903
School Administrator VI	$3,792	$7,322
School Administrator VII	$3,945	$7,616

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.

SECTION 7.3.(b) The monthly salary ranges that follow apply to public school superintendents for the 2005-2006 fiscal year, beginning July 1, 2005.

Superintendent I	$4,187	$7,844
Superintendent II	$4,445	$8,318
Superintendent III	$4,716	$8,825
Superintendent IV	$5,005	$9,360
Superintendent V	$5,312	$9,931

The monthly salary ranges that follow apply to public school superintendents for the 2006-2007 fiscal year, beginning July 1, 2006.

Superintendent I	$4,187	$8,080
Superintendent II	$4,445	$8,568
Superintendent III	$4,716	$9,090
Superintendent IV	$5,005	$9,641
Superintendent V	$5,312	$10,229

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.

SECTION 7.3.(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.

SECTION 7.3.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers 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 pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers 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 under this section.

SECTION 7.3.(e) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 7.3.(f) The annual salary increase for all permanent full-time personnel paid from the Central Office Allotment who work a nine-, 10-, 11-, or 12-month work year schedule shall be the greater of five hundred dollars ($500.00) or two percent (2%), commencing July 1, 2005. The annual salary increase for all permanent full-time personnel paid from the Central Office Allotment who work a nine-, 10-, 11-, or 12-month work year schedule shall be the three percent (3%), commencing July 1, 2006. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing salary increases to these personnel.

NONCERTIFIED PERSONNEL SALARY

SECTION 7.4.(a) The annual salary increase for permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be the greater of five hundred dollars ($500.00) or two percent (2%), commencing July 1, 2005.

The annual salary increase for permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be three percent (3%), commencing July 1, 2006.

SECTION 7.4.(b) Local boards of education shall increase the rates of pay for such employees who were employed for all or part of fiscal year 2004-2005 and who continue their employment for fiscal year 2005-2006 by providing an annual salary increase for employees of the greater of five hundred dollars ($500.00) or two percent (2%).

Local boards of education shall increase the rates of pay for such employees who were employed for all or part of fiscal year 2005-2006 and who continue their employment for fiscal year 2006-2007 by providing an annual salary increase for employees of three percent (3%).

For part-time employees, the pay increase shall be pro rata based on the number of hours worked.

SECTION 7.4.(c) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of the greater of five hundred dollars ($500.00) or two percent (2%) for the 2005-2006 fiscal year.

The State Board of Education may adopt salary ranges for noncertified personnel to support increases of three percent (3%) for the 2006-2007 fiscal year.

SECTION 7.4.(d) Permanent full-time employees who work a nine-, 10-, or 11-month work year schedule shall receive the five hundred dollars ($500.00) or two percent (2%) annual increase provided by this act, whichever is greater.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Effective July 1, 2005, any permanent certified personnel employed on July 1, 2003, and paid on the teacher salary schedule with 29+ years of experience shall receive a one-time bonus equivalent to the average increase of the 26 to 29 year steps. Effective July 1, 2005, any permanent personnel employed on July 1, 2004, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%).

Effective July 1, 2006, any permanent certified personnel employed on July 1, 2003, and paid on the teacher salary schedule with 29+ years of experience shall receive a one-time bonus equivalent to the average increase of the 26 to 29 year steps. Effective July 1, 2006, any permanent personnel employed on July 1, 2005, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%).

For permanent part-time personnel, the one-time bonus shall be adjusted pro rata. Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.6.(a) Funds for Supplemental Funding. – The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement. Therefore, funds are appropriated to State Aid to Local School Administrative Units for the 2005-2006 fiscal year and the 2006-2007 fiscal year to be used for supplemental funds for the schools.

SECTION 7.6.(b) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only: (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks; (ii) for salary supplements for instructional personnel and instructional support personnel; and (iii) to pay an amount not to exceed ten thousand dollars ($10,000) of the plant operation contract cost charged by the Department of Public Instruction for services.

Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools, such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

SECTION 7.6.(c) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:

a. Anticipated county property tax revenue availability,

b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,

c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521, or

d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:

a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,

b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,

c. Add to the resulting amount the:

1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,

2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and

3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:

a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,

b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,

c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,

d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(10a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(12) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(14) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(14a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.6.(d) Eligibility for Funds. – Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.6.(e) Allocation of Funds. – Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%) on the basis of average daily membership for a county's local

be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units.

If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 7.6.(f) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.6.(g) Minimum Effort Required. – Counties that had effective tax rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only.

This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.6.(h) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2005-2007 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a

finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

SECTION 7.6.(i) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2006, if it determines that counties have supplanted funds.

SECTION 7.6.(j) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.7.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program [illegible] to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least seven hundred forty thousand seventy-four dollars ($740,074), excluding textbooks for the 2005-2006 fiscal year and a base of seven hundred forty thousand seventy-four dollars ($740,074) for the 2006-2007 fiscal year.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 7.7.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2005-2007 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

SECTION 7.7.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be phased out over a two-year period. For the first year of ineligibility, the unit shall receive the same amount it received for the prior fiscal year. For the second year of ineligibility, it shall receive one-half of that amount.

If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the population of the county in which the local school administrative unit is located, funding for that unit shall be continued for five years after the unit becomes ineligible.

SECTION 7.7.(d) Definitions. – As used in this section:

(1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(2a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(3) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(4) "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(4a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.7.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2006, if it determines that counties have supplanted funds.

SECTION 7.7.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted [illegible] specific improvement strategies of each [illegible] teacher recruitment, closing the

achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING

SECTION 7.8.(a) Funds are appropriated in this act to address the capacity needs of local school administrative units to meet the needs of disadvantaged students. Each local school administrative unit shall use funds allocated to it for disadvantaged student supplemental funding to implement a plan jointly developed by the unit and the LEA Assistance Program team. The plan shall be based upon the needs of students in the unit not achieving grade-level proficiency. The plan shall detail how these funds shall be used in conjunction with all other supplemental funding allotments such as Low-Wealth, Small County, At-Risk Student Services/Alternative Schools, and Improving Student Accountability, to provide instructional and other services that meet the educational needs of these students. Prior to the allotment of disadvantaged student supplemental funds, the plan shall be approved by the State Board of Education.

Funds received for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to:

(1) Provide instructional positions or instructional support positions and/or professional development;

(2) Provide intensive in-school and/or after-school remediation;

(3) Purchase diagnostic software and progress-monitoring tools; and

(4) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

SECTION 7.8.(b) Funds are appropriated in this act to evaluate the Disadvantaged Students Supplemental Funding Initiatives and Low-Wealth Initiatives. The State Board of Education shall use these funds to:

(1) Evaluate the strategies implemented by local school administrative units with Disadvantaged Student Supplemental Funds and Low-Wealth Funds and assess their impact on student performance; and

(2) Evaluate the efficiency and effectiveness of the technical assistance and support provided to local school administrative units by the Department of Public Instruction.

The State Board of Education shall report the results of the evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by February 15, 2006, and by January 15 of each subsequent year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

STUDENTS WITH LIMITED ENGLISH PROFICIENCY

SECTION 7.9.(a) The State Board of Education shall develop guidelines for identifying and providing services to students with limited proficiency in the English language.

The State Board shall allocate these funds to local school administrative units and to charter schools under a formula that takes into account the average percentage of students in the units or the charters over the past three years who have limited English proficiency. The State Board shall allocate funds to a unit or a charter school only if (i) average daily membership of the unit or the charter school includes at least 20 students with limited English proficiency or (ii) students with limited English proficiency comprise at least two and one-half percent (2.5%) of the average daily membership of the unit or charter school. For the portion of the funds that is allocated on the basis of the number of identified students, the maximum number of identified students for whom a unit or charter school receives funds shall not exceed ten and six-tenths percent (10.6%) of its average daily membership.

Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional supplies/equipment, transportation costs, and staff development of teachers for students with limited English proficiency.

A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds.

SECTION 7.9.(b) The Department of Public Instruction shall prepare a current head count of the number of students classified with limited English proficiency by December 1 of each year.

Students in the head count shall be assessed at least once every three years to determine their level of English proficiency. A student who scores "superior" on the standard English language proficiency assessment instrument used in this State shall not be included in the head count of students with limited English proficiency.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FLEXIBILITY FOR THE HIGHEST PRIORITY ELEMENTARY SCHOOLS

SECTION 7.10. The State Board of Education may allow high priority schools that have made high growth for three consecutive years to be removed from the list of high priority schools. If a local board of education chooses to have a school removed from the list of high priority schools, the additional high priority funding for that school shall be discontinued.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS

SECTION 7.11. The State Board of Education may use up to two hundred thousand dollars ($200,000) of the funds in the Alternative Schools/At-Risk Student allotment each year for the 2005-2006 fiscal year and for the 2006-2007 fiscal year to implement G.S. 115C-12(24).

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.12. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand eight hundred thirty-eight dollars and thirty-nine cents ($2,838.39) per child for a maximum of 169,164 children for the 2005-2006 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of the 2005-2006 allocated average daily membership in the local school administrative unit.

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

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.13. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of nine hundred twenty-six dollars and fifty-five cents ($926.55) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2005-2006 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 55,895 children for the 2005-2006 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.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY

SECTION 7.14.(a) Funds appropriated for the 2005-2006 and 2006-2007 fiscal years for Student Accountability Standards shall be used to assist students to perform at or above grade level in reading and mathematics in grades 3-8 as measured by the State's end-of-grade tests. The State Board of Education shall allocate these funds to LEAs based on the number of students who score at Level I or Level II on either reading or mathematics end-of-grade tests in grades 3-8. Funds in the allocation category shall be used to improve the academic performance of (i) students who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 or (ii) students who are performing at Level I or II on the writing tests in grades 4 and 7. These funds may also be used to improve the academic performance of students who are performing at Level I or II on the high school end-of-course tests. These funds shall not be transferred to other allocation categories or otherwise used for other purposes. Except as otherwise provided by law, local boards of education may transfer other funds available to them into this allocation category.

The principal of a school receiving these funds, in consultation with the faculty and the site-based management team, shall implement plans for expending these funds to improve the performance of students.

Local boards of education are encouraged to use federal funds such as Title I Comprehensive School Reform Development Funds and to examine the use of State funds to ensure that every student is performing at or above grade level in reading and mathematics.

These funds shall be allocated to local school administrative units for the 2005-2006 fiscal year within 30 days of the date this act becomes law.

SECTION 7.14.(b) Funds appropriated for Student Accountability Standards shall not revert at the end of each fiscal year but shall remain available for expenditure until August 31 of the subsequent fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LITIGATION RESERVE FUNDS

SECTION 7.15. The State Board of Education may expend up to five hundred thousand dollars ($500,000) each year for the 2005-2006 and 2006-2007 fiscal years from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

BASE BUDGET REDUCTION TO DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.16. Notwithstanding any other provision of law, the Department of Public Instruction may use salary reserve funds and other funds and may transfer funds within the Department's continuation budget to implement budget reductions for the 2005-2006 fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

REPLACEMENT SCHOOL BUSES FUNDS

SECTION 7.17.(a) The State Board of Education may impose any of the following conditions on allotments to local boards of education for replacement school buses:

(1) The local board of education shall 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 shall 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 Department of Administration, Division of Purchase and Contract, in cooperation with the State Board of Education, shall solicit bids for [illegible] school buses and activity buses and shall

establish a statewide term contract for use by the State Board of Education. Local boards of education and other agencies shall be eligible to purchase from the statewide term contract. The State Board of Education shall also solicit bids for the financing of school buses.

(5) A bus financed pursuant to this section shall meet all federal motor vehicle safety regulations for school buses.

(6) Any other condition the State Board of Education considers appropriate.

SECTION 7.17.(b) Any term contract for the purchase or lease-purchase of school buses or school activity buses shall not require vendor payment of the electronic procurement transaction fee of the North Carolina E-Procurement Service.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EXPENDITURES FOR DRIVING ELIGIBILITY CERTIFICATES

SECTION 7.18. G.S. 115C-12(28) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(28) Duty to Develop Rules for Issuance of Driving Eligibility Certificates. – The State Board of Education shall adopt the following rules to assist schools in their administration of procedures necessary to implement G.S. 20-11 and G.S. 20-13.2:

a. To define what is equivalent to a high school diploma for the purposes of G.S. 20-11 and G.S. 20-13.2. These rules shall apply to all educational programs offered in the State by public schools, charter schools, nonpublic schools, or community colleges.

b. To establish the procedures a person who is or was enrolled in a public school or in a charter school must follow and the requirements that person shall meet to obtain a driving eligibility certificate.

c. To require the person who is required under G.S. 20-11(n) to sign the driving eligibility certificate to provide the certificate if he or she determines that one of the following requirements is met:

1. The person seeking the certificate is eligible for the certificate under G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).

2. The person seeking the certificate is eligible for the certificate under G.S. 20-11(n)(1) and G.S. 20-11(n1).

These rules shall apply to public schools and charter schools.

d. To provide for an appeal to an appropriate education authority by a person who is denied a driving eligibility certificate. These rules shall apply to public schools and charter schools.

e. To define exemplary student behavior and to define what constitutes the successful completion of a drug or alcohol treatment counseling program. These rules shall apply to public schools and charter schools.

The State Board also shall develop policies as to when it is appropriate to notify the Division of Motor Vehicles that a person who is or was enrolled in a public school or in a charter school no longer meets the requirements for a driving eligibility certificate.

The State Board shall develop a form for parents, guardians, or emancipated juveniles, as appropriate, to provide their written, irrevocable consent for a school to disclose to the Division of Motor Vehicles that the student no longer meets the conditions for a driving eligibility certificate under G.S. 20-11(n)(1) or G.S. 20-11(n1), if applicable, in the event that this disclosure is necessary to comply with G.S. 20-11 or G.S. 20-13.2. Other than identifying under which statutory subsection the student is no longer eligible, no other details or information concerning the student's school record shall be released pursuant to this consent. This form shall be used for students enrolled in public schools or charter schools.

The State Board of Education may use funds appropriated for drivers education to cover the costs of driving eligibility certificates."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

SECTION 7.19.(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 7.19.(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.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

CHARTER SCHOOL ADVISORY COMMITTEE/CHARTER SCHOOL EVALUATION

SECTION 7.20. The State Board of Education may spend up to fifty thousand dollars ($50,000) a year from State Aid to Local School Administrative Units for the 2005-2006 and 2006-2007 fiscal years to continue support of a charter school advisory committee and to continue to evaluate charter schools.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

MENTOR TEACHER FUNDS MAY BE USED FOR FULL-TIME MENTORS

SECTION 7.21.(a) The State Board of Education shall grant flexibility to a local board of education regarding the use of mentor funds to provide mentoring support, provided the local board submits a detailed plan on the use of the funds to the State Board and the State Board approves that plan. The plan shall include information on how all mentors in the local school administrative unit have been or will be adequately trained to provide mentoring support.

Local boards of education shall use funds allocated for mentor teachers to provide mentoring support to all State-paid newly certified teachers, second-year teachers who were assigned mentors during the prior school year, and entry-level instructional support personnel who have not previously been teachers.

SECTION 7.21.(b) The State Board, after consultation with the Professional Teaching Standards Commission, shall adopt standards for mentor training.

SECTION 7.21.(c) Each local board of education with a plan approved pursuant to subsection (a) of this section shall report to the State Board on the impact of its mentor program on teacher retention. The State Board shall analyze these reports to determine the characteristics of mentor programs that are most effective in retaining teachers and shall report its findings to the Joint Legislative Education Oversight Committee by October 15, 2006.

SECTION 7.21.(d) In addition to the report required in subsection (c) of this section, the State shall also evaluate the effectiveness of a representative sample of local mentor programs and report on its findings to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2006. The evaluation shall focus on quantitative evidence, quality of service delivery, and satisfaction of those involved. The report shall include the results of the evaluation and recommendations both for improving mentor programs generally and for an appropriate level of State support for mentor programs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

VISITING INTERNATIONAL EXCHANGE TEACHERS

SECTION 7.22. G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(5a) Positions allocated for classroom teachers may be converted to dollar equivalents to contract for visiting international exchange teachers. These positions shall be converted at the statewide average salary for

classroom teachers, including benefits. The converted funds shall be used only to cover the costs associated with bringing visiting international exchange teachers to the local school administrative unit through a State-approved visiting international exchange teacher program and supporting the visiting exchange teachers."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.23.(a) The State Board of Education shall use funds appropriated in this act for State Aid to Local School Administrative Units to provide incentive funding for schools that met or 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:

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

a. Up to one thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and

b. Up to five hundred dollars ($500.00) for each teacher assistant.

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

a. Up to seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and

b. Up to three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 7.23.(b) The State Board of Education may use funds appropriated to the State Public School Fund for assistance teams to low-performing schools.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LEA ASSISTANCE PROGRAM

SECTION 7.24. Of the funds appropriated to the State Public School Fund, the State Board of Education shall use five hundred thousand dollars ($500,000) for the 2005-2006 fiscal year and five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year 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, 2006, and by December 15, 2007. 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. These funds shall not revert at the end of each fiscal year but shall remain available until expended for this purpose.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

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

SECTION 7.25.(a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2005-2006 and 2006-2007 fiscal years but shall remain available until expended.

SECTION 7.25.(b) This section becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PUBLIC SCHOOL BUILDING CAPITAL AND TECHNOLOGY FUND

SECTION 7.26.(a) The title of Article 38A of Chapter 115C of the General Statutes reads as rewritten:

"Article 38A.

Public School Building Capital and Technology Fund."

SECTION 7.26.(b) G.S. 115C-546.1 is amended by deleting the language "Public School Building Capital Fund" wherever it appears and substituting "Public School Building Capital and Technology Fund".

SECTION 7.26.(c) Notwithstanding the provisions of G.S. 115C-546.1(b), as rewritten by subsection (b) of this section, for the third and fourth quarters of the 2005-2006 fiscal year only, the Secretary of Revenue shall remit to the State Treasurer an amount equal to five sixty-ninths of the net collections received during the previous quarter by the Department of Revenue under G.S. 105-130.3. Of these funds, twenty-five million dollars ($25,000,000) each quarter shall be for credit to the State Public School Fund, and the remainder shall be for credit to the Public School Building Capital and Technology Fund.

SECTION 7.26.(d) Notwithstanding the provisions of G.S. 115C-546.1(b), as rewritten by subsection (b) of this section, for the first and second quarters of the 2006-2007 fiscal year only, the Secretary of Revenue shall remit to the State Treasurer an amount equal to five sixty-ninths of the net collections received during the previous quarter by the Department of Revenue under G.S. 105-130.3. Of these funds, twenty million five hundred thousand dollars ($20,500,000) each quarter shall be for credit to the State Public School Fund, and the remainder shall be for credit to the Public School Building Capital and Technology Fund.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LEA SALES TAX REFUND REPORTING

SECTION 7.27.(a) G.S. 105-164.14(c) reads as rewritten:

"(c) Certain Governmental Entities. – A governmental entity listed in this subsection is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services, other than electricity and telecommunications service. Sales and use tax liability indirectly

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

This subsection applies only to the following governmental entities:

(1) A county.
(2) A city as defined in G.S. 160A-1.
(2a) A consolidated city-county as defined in G.S. 160B-2.
(2b) A local school administrative unit.
(2c) A joint agency created by interlocal agreement among local school administrative units pursuant to G.S. 160A-462 to jointly purchase food service-related materials, supplies, and equipment on their behalf.
(3) A metropolitan sewerage district or a metropolitan water district in this State.
(4) A water and sewer authority created under Chapter 162A of the General Statutes.
(5) A lake authority created by a board of county commissioners pursuant to an act of the General Assembly.
(6) A sanitary district.
(7) A regional solid waste management authority created pursuant to G.S. 153A-421.
(8) An area mental health, developmental disabilities, and substance abuse authority, other than a single-county area authority, established pursuant to Article 4 of Chapter 122C of the General Statutes.
(9) A district health department, or a public health authority created pursuant to Part 1A of Article 2 of Chapter 130A of the General Statutes.
(10) A regional council of governments created pursuant to G.S. 160A-470.
(11) A regional planning and economic development commission or a regional economic development commission created pursuant to Chapter 158 of the General Statutes.
(12) A regional planning commission created pursuant to G.S. 153A-391.
(13) A regional sports authority created pursuant to G.S. 160A-479.
(14) A public transportation authority created pursuant to Article 25 of Chapter 160A of the General Statutes.
(14a) A facility authority created pursuant to Part 4 of Article 20 of Chapter 160A of the General Statutes.

(15) A regional public transportation authority created pursuant to Article 26 of Chapter 160A of the General Statutes, or a regional transportation authority created pursuant to Article 27 of Chapter 160A of the General Statutes.

(16) A local airport authority that was created pursuant to a local act of the General Assembly.

(17) A joint agency created by interlocal agreement pursuant to G.S. 160A-462 to operate a public broadcasting television station.

(18) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.

(19) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.

(20) A constituent institution of The University of North Carolina, but only with respect to sales and use tax paid by it for tangible personal property or services that are eligible for refund under this subsection acquired by it through the expenditure of contract and grant funds.

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

(22) A regional natural gas district created pursuant to Article 28 of Chapter 160A of the General Statutes."

SECTION 7.27.(b) G.S. 105-259(b) is amended by adding a new subdivision to read:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person unless the disclosure is made for one of the following purposes:

...

(32) To provide the report required under G.S. 105-164.14(c) to the Department of Public Instruction and the Fiscal Research Division of the General Assembly."

SECTION 7.27.(c) In addition to the report required under G.S. 105-164.14(c), as amended by this section, the Secretary of Revenue shall make a report to the Department of Public Instruction and the Fiscal Research Division of the General Assembly within 30 days after this act becomes law of the amount of refunds, identified by taxpayer, claimed under subdivisions (2b) and (2c) of G.S. 105-164.14(c) during the 2002-2003, 2003-2004, and 2004-2005 fiscal years.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

REVIEW OF STANDARDS FOR MASTERS IN SCHOOL ADMINISTRATION PROGRAMS

SECTION 7.28. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall review standards for Masters in School Administration programs to ensure that appropriate competencies related to teacher retention, teacher evaluations, teacher support programs, and teacher effectiveness are included and emphasized.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EVALUATION OF SCHOOL PRINCIPALS

SECTION 7.29. Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-286.1. Evaluations of principals.**

Local school administrative units shall evaluate all principals and assistant principals at least once each year. Either the superintendent or the superintendent's designee shall conduct the evaluations.

The State Board of Education shall ensure that the standards and criteria for the evaluations include the accountability measures of teacher retention, teacher support, and school climate. The State Board shall revise its evaluation instruments to include these measures. A local board shall use the performance standards and criteria adopted by the State Board unless the board develops an alternative evaluation that is properly validated and that includes standards and criteria similar to those adopted by the State Board."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLANNING TIME FOR TEACHERS

SECTION 7.30. The State Board of Education shall report on best practices from North Carolina schools for providing a minimum of five hours per week within the instructional day for planning, collaborating with colleagues and parents, and professional development, especially within elementary school schedules. The State Board shall submit its report to the Education Cabinet and to the Joint Legislative Education Oversight Committee by December 31, 2005.

The State Board shall disseminate this information about best practices to schools and school systems across the State.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ONLINE PROFESSIONAL DEVELOPMENT RESOURCE CENTER FOR TEACHERS AND PRINCIPALS

SECTION 7.31. The State Board of Education and the Department of Public Instruction shall develop a Web portal that catalogues high-quality professional development opportunities for teachers and principals.

The State Chief Information Officer must approve the system's information technology project plan before funds are spent for the implementation of this system.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LEARN AND EARN HIGH SCHOOLS

SECTION 7.32.(a) Funds are appropriated in this act for the Learn and Earn high school workforce development program. The purpose of the program is to create rigorous and relevant high school options that provide students with the opportunity and assistance to earn [illegible] two years of college credit by the conclusion of the year after their [illegible]. The State Board of Education shall work

closely with the Education Cabinet and the New Schools Project in administering the program.

SECTION 7.32.(b) These funds shall be used to establish new high schools in which a local school administrative unit, two- and four-year colleges and universities, and local employers work together to ensure that high school and postsecondary college curricula operate seamlessly and meet the needs of participating employers.

Funds shall not be allotted until Learn and Earn high schools are certified as operational.

SECTION 7.32.(c) During the first year of its operation, a high school established under G.S. 115C-238.50 shall be allotted a principal regardless of the number of State-paid teachers assigned to the school or the number of students enrolled in the school.

SECTION 7.32.(d) The State Board of Education, in consultation with the State Board of Community Colleges and The University of North Carolina Board of Governors, shall conduct an annual evaluation of this program. The evaluation shall include measures as identified in G.S. 115C-238.55. It shall also include: (i) an accounting of how funds and personnel resources were utilized and their impact on student achievement, retention, and employability; (ii) recommended statutory and policy changes; and (iii) recommendations for improvement of the program. The State Board of Education shall report the results of this evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by January 15 of each fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FLEXIBILITY FOR HIGH SCHOOL INNOVATION

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

"Part 9. Cooperative Innovative High School Programs.

§ 115C-238.50. Purpose.

(a) The purpose of this Part is to authorize ~~boards of trustees of community colleges and local boards of education to jointly establish~~ local boards of education to jointly establish with one or more boards of trustees cooperative innovative programs in high schools and ~~community~~ colleges or universities that will expand students' opportunities for educational success through high quality instructional programming. These cooperative innovative high school programs shall target:

(1) High school students who are at risk of dropping out of school before attaining a high school diploma; or

(2) High school students who would benefit from accelerated academic instruction.

(b) All the cooperative innovative high school programs established under this Part shall:

(1) Prepare students adequately for future learning in the workforce or in an institution of higher education.

(2) Expand students' educational opportunities within the public school system.

(3) Be centered on the core academic standards represented by the college preparatory or tech prep program of study as defined by the State Board of Education.

(4) Encourage the cooperative or shared use of resources, personnel, and facilities between public schools and ~~community colleges.~~ colleges or universities, or both.

(5) Integrate and emphasize both academic and technical skills necessary for students to be successful in a more demanding and changing workplace.

(6) Emphasize parental involvement and provide consistent counseling, advising, and parent conferencing so that parents and students can make responsible decisions regarding course taking and can track the students' academic progress and success.

(7) Be held accountable for meeting measurable student achievement results.

(8) Encourage the use of different and innovative teaching methods.

(9) Establish joint institutional responsibility and accountability for support of students and their success.

(10) Effectively utilize existing funding sources for high school, ~~community~~ college, university, and vocational programs and actively pursue new funding from other sources.

(11) Develop methods for early identification of potential participating students in the middle grades and through high school.

(12) Reduce the percentage of students needing remedial courses upon their initial entry from high school into a college or university.

(c) Programs developed under this Part that target students who are at risk of dropping out of high school before attaining a high school diploma shall:

(1) Provide these students with the opportunity to graduate from high school possessing the core academic skills needed for postsecondary education and high-skilled employment.

(2) Enable students to complete a technical or academic program in a field that is in high demand and has high wages.

(3) Set and achieve goals that significantly reduce dropout rates and raise high school and ~~community~~ college retention, certification, and degree completion rates.

(4) Enable students who complete these programs to pass employer exams, if applicable.

(d) Cooperative innovative high school programs that offer accelerated learning programs shall:

(1) Provide a flexible, customized program of instruction for students who would benefit from accelerated higher [illegible] work or early graduation from high school.

(2) Enable students to obtain a high school diploma in less than four ~~years and~~ years, to begin or complete an associate degree ~~program or~~ program, to master a certificate or vocational ~~program.~~program, or to earn up to two years of college credit.

(3) Offer a college preparatory academic core and in-depth studies in a career or technical field that will lead to advanced programs or employment opportunities in engineering, health sciences, or teaching.

(e) Cooperative innovative high school programs may include the creation of a school within a school, a technical high school, or a high school or technical center located on the campus of a ~~community college.~~college or university.

(f) Students are eligible to attend these programs as early as ninth grade.

"**§ 115C-238.50A. Definitions.**

The following definitions apply in this Part:

(1) Constituent institution. – A constituent institution as defined in G.S. 116-2(4).

(2) Education partner. – An education partner as provided in G.S. 115C-238.52.

(3) Governing board. – The State Board of Community Colleges, the Board of Governors of The University of North Carolina, or the Board of the North Carolina Independent Colleges and Universities.

(4) Local board of trustees. – The board of trustees of a community college, constituent institution of The University of North Carolina, or private college located in North Carolina.

"**§ 115C-238.51. Application process.**

(a) A local board of education and ~~a~~ at least one local board of trustees ~~of a community college~~ shall jointly apply to establish a cooperative innovative high school program under this Part.

(b) The application shall contain at least the following information:

(1) A description of a program that implements the purposes in G.S. 115C-238.50.

(2) A statement of how the program relates to the Economic Vision Plan adopted for the economic development region in which the program is to be located.

(3) The facilities to be used by the program and the manner in which administrative services of the program are to be provided.

(4) A description of student academic and vocational achievement goals and the method of demonstrating that students have attained the skills and knowledge specified for those goals.

(5) A description of how the program will be operated, including budgeting, curriculum, transportation, and operating procedures.

(6) The process to be followed by the program to ensure parental involvement.

(7) The process by which students will be selected for and admitted to the program.

(8) A description of the funds that will be used and a proposed budget for the program. This description shall identify how the average daily membership (ADM) and full-time equivalent (FTE) students are counted.

(9) The qualifications required for individuals employed in the program.

(10) The number of students to be served.

(11) A description of how the program's effectiveness in meeting the purposes in G.S. 115C-238.50 will be measured.

(c) The application shall be submitted to the State Board of Education and the ~~State Board of Community Colleges~~ applicable governing Boards by November 1 of each year. The ~~State Board of Education and the State Board of Community Colleges~~ Boards shall appoint a joint advisory committee to review the applications and to recommend to the ~~State~~ Boards those programs that meet the requirements of this Part and that achieve the purposes set out in G.S. 115C-238.50.

(d) ~~The State Board of Education and the State Board of Community Colleges shall approve two cooperative innovative high school programs in each of the State's economic development regions.~~ The ~~State~~ Boards may approve programs recommended by the joint advisory committee or may approve other programs that were not recommended. The ~~State~~ Boards shall approve all applications by March 15 of each year. No application shall be approved unless the ~~State Boards~~ State Board of Education and the applicable governing Board find that the application meets the requirements set out in this Part and that granting the application would achieve the purposes set out in G.S. 115C-238.50. Priority shall be given to applications that are most likely to further State education policies, to address the economic development needs of the economic development regions in which they are located, and to strengthen the educational programs offered in the local school administrative units in which they are located.

"**§ 115C-238.52. Participation by other education partners.**

(a) Any or all of the following education partners may participate in the development of a cooperative innovative program under this Part that is targeted to high school students who would benefit from accelerated academic instruction:

~~(1) A constituent institution of The University of North Carolina.~~

~~(2) A private college or university located in North Carolina.~~

(3) A private business or organization.

(4) The county board of commissioners in the county in which the program is located.

(b) Any or all of the education partners listed in subsection (a) of this section that participate shall:

(1) Jointly apply with the local board of education and the local board of trustees ~~of the community college~~ to establish a cooperative innovative program under this Part.

(2) Be identified in the application.

(3) Sign the written agreement under G.S. 115C-238.53(b).

"§ 115C-238.53. Program [illegible]

(a) A program approved by the State ~~shall be~~ is accountable to the local board of education.

(b) A program approved under this Part shall operate under the terms of a written agreement signed by the local board of education, local board of ~~trustees of the community college,~~ trustees, State Board of Education, and ~~State Board of Community Colleges.~~ applicable governing Board. The agreement shall incorporate the information provided in the application, as modified during the approval process, and any terms and conditions imposed on the program by the State Board of Education and the ~~State Board of Community Colleges.~~ applicable governing Board. The agreement may be for a term of no longer than five school years.

(c) A program may be operated in a facility owned or leased by the local board of education, the local board of ~~trustees of the community college,~~ trustees, or the education partner, if any.

(d) A program approved under this Part shall provide instruction each school year for at least 180 days during nine calendar months, shall comply with laws and policies relating to the education of students with disabilities, and shall comply with Article 27 of this Chapter.

(e) A program approved under this Part may use State, federal, and local funds allocated to the local school administrative unit, to the ~~State Board of Community Colleges,~~ applicable governing Board, and to the ~~community~~ college or university to implement the program. If there is an education partner and if it is a public body, the program may use State, federal, and local funds allocated to that body.

(f) Except as provided in this Part and ~~pursuant to~~ under the terms of the agreement, a program is exempt from laws and rules applicable to a local board of education, a local school administrative unit, a community college, a constituent institution, or a local board of ~~trustees of a community college.~~ trustees.

"§ 115C-238.54. Funds for programs.

(a) The Department of Public Instruction shall assign a school code for each program that is approved under this Part. All positions and other State and federal allotments that are generated for this program shall be assigned to that school code. Notwithstanding G.S. 115C-105.25, once funds are assigned to that school code, the local board of education may use these funds for the program and may transfer these funds between funding allotment categories.

(b) The local board of trustees ~~of a community college~~ may allocate State and federal funds for a program that is approved under this Part.

(c) An education partner under G.S. 115C-238.52 that is a public body may allocate State, federal, and local funds for a program that is approved under this Part.

(d) If not an education partner under G.S. 115C-238.52, a county board of commissioners in a county where a program is located may nevertheless appropriate funds to a program approved under this Part.

(e) The local board of education and the local board of trustees ~~of the community college~~ are strongly encouraged to seek funds from sources other than State, federal, and local appropriations. They are strongly encouraged to seek funds the Education Cabinet identifies or obtains under G.S. 116C-4.

"**§ 115C-238.55. Evaluation of programs.**

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

SECTION 7.33.(b) It is the intent of the General Assembly that three cooperative innovative high school programs are established that emphasize the educational development of high school students in the areas of science and mathematics in a nonresidential setting. One of these programs shall be located in the eastern region of the State, one shall be located in the central region of the State, and one shall be located in the western region of the State. The State Board of Education shall begin planning for the design and implementation of these programs and shall report their plan to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly by March 15, 2006.

The plan shall include, but not be limited to, the following aspects of the proposed programs:

(1) Programmatic design including location, curriculum, student access, and calendar,
(2) Projected costs of operation, including instructional, administrative, transportation, capital, and other costs,
(3) Any plans for coordination with institutes of higher education,
(4) Proposed implementation schedule.

Requested by: Senators Lucas. Swindell, Garrou, Dalton, Hagan

TEACHER PAY DATE

SECTION 7.34. G.S. 115C-302.1(b) reads as rewritten:

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

Each local board of education shall establish a set date on which monthly salary payments to State-allotted teachers shall be made. This set pay date may differ from the end of the month of service. The daily rate of pay for teachers shall equal midway between one twenty-first and one twenty-second of the monthly rate of pay. ~~Except for teachers employed in a year-round school or paid in accordance with a year-round calendar, or both, the~~The initial pay date for teachers, except for teachers employed in a year-round school and other teachers paid on a year-round calendar, shall be no later than ~~August 31 and~~ the end of the first month of employment. The initial payment shall ~~include a~~ be a full monthly payment. Subsequent pay dates shall be spaced no more than one month apart and shall include a full monthly payment.

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

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

Notwithstanding this subsection, the term "daily rate of pay" for the purpose of G.S. 115C-12(8) or for any other law or policy governing pay or benefits based on the teacher salary schedule shall not exceed one twenty-second of a teacher's monthly rate of pay."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS FOR EDUCATION OF STUDENTS AT ECKERD YOUTH ALTERNATIVES THERAPEUTIC CAMP

SECTION 7.35. If a student is placed in an Eckerd Youth Alternatives therapeutic camp on the recommendation of a local school administrative unit, the unit shall transfer to the camp the State funds allocated to the unit for the education of the child. For each day that the child receives educational services at the camp, that unit shall pay 1/180 of the annual amount a charter school located in that unit would receive in State funds for that child, for a maximum of 180 days in a fiscal year. If the child is a child with special needs, the unit shall also be responsible for the State per pupil allocation for children with special needs.

Requested by: Senators Lucas, Garrou, Dalton, Hagan

FUND ONE LOCAL SCHOOL ADMINISTRATIVE UNIT PER COUNTY

SECTION 7.36.(a) Notwithstanding any other provision of law, the State Board of Education shall allot State funds on the basis of only one local school administrative unit per county. To implement this change, the State Board shall change formulas that allot funds on a per local school administrative unit basis to formulas that allot funds on a per county basis. If the amount previously allotted per local school administrative unit was graduated on the basis of average daily membership, the amount allotted per county shall be graduated on the basis of the total average daily membership of all units located in the county.

If a city school administrative unit is located in more than one county, the State Board of Education shall include in each county's average daily membership the average daily membership of the county's students in the city school administrative unit.

If a county contains more than one local school administrative unit, the State Board shall divide the amount allotted on a per county basis between the units on the basis of average daily membership.

SECTION 7.36.(b) This section does not apply to allotments to the Nash-Rocky Mount School Administrative Unit, the Edgecombe County School Administrative Unit, the Cleveland County School Administrative Unit, or the Gaston County School Administrative Unit.

SECTION 7.36.(c) This section becomes effective July 1, 2006.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

MINIMIZE TIME DEVOTED TO STANDARDIZED TESTS

SECTION 7.37. G.S. 115C-174.12(a) reads as rewritten:

"(a) The State Board of Education shall establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing programs, for minimizing the frequency of field testing at any one school, and for otherwise carrying out the provisions of this Article. These policies and guidelines shall include the following:

(1) Schools shall devote no more than two days of instructional time per year to the taking of practice tests that do not have the primary purpose of assessing current student learning;

(2) Students in a school shall not be subject to field tests or national tests during the two-week period preceding the administration of end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams; and

(3) No school shall participate in more than two field tests at any one grade level during a school year unless that school volunteers, through a vote of its school improvement team, to participate in an expanded number of field tests.

These policies shall reflect standard testing practices to insure reliability and validity of the sample testing. The results of the field tests shall be used in the final design of each test. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide for such accommodations and alternate methods of assessment that are consistent with the Individuals with Disabilities Education Act program and section 504 (29

U.S.C. § 794) plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a child's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for students with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption.

The State Board of Education may appoint an Advisory Council on Testing to assist in carrying out its responsibilities under this Article."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EDUCATION CABINET

SECTION 7.38.(a) G.S. 116C-1(b) reads as rewritten:

"(b) The Education Cabinet shall consist of the Governor, who shall serve as chair, the President of The University of North Carolina, the State Superintendent of Public Instruction, the Chairman of the State Board of Education, the President of the North Carolina Community Colleges System, the Secretary of Health and Human Services, and the President of the North Carolina Independent Colleges and Universities. The Education Cabinet may invite other representatives of education to participate in its deliberations as adjunct members."

SECTION 7.38.(b) The Education Cabinet shall study:

(1) The extent to which school nurses, school social workers, and other instructional support personnel collaborate with each other and with local health, mental health, and social services providers to meet the needs of at-risk children and their families and to support the educational achievement of at-risk children; and

(2) The need for additional training for school nurses, school social workers, and other instructional support personnel on multidisciplinary assessments and on referral and care coordination for at-risk students and their families.

The Education Cabinet shall report the results of its study and its recommendations to the Joint Legislative Education Oversight Committee prior to April 15, 2006.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

THE CENTER FOR 21ST CENTURY SKILLS

SECTION 7.39.(a) The State Board of Education shall transfer funds appropriated for the Center for 21st Century Skills to the Office of the Governor. These funds shall be used for the establishment of the Center for 21st Century Skills within the North Carolina Business Committee for Education, Inc. The purpose of the Center shall be to design curriculum, teacher training, and student assessment to support students acquiring the knowledge and skills needed for the emerging workforce of the 21st century.

SECTION 7.39.(b) The North Carolina Business Committee for Education, Inc., and the Center for 21st Century Skills shall coordinate their efforts on high school reform with the North Carolina New Schools Project.

SECTION 7.39.(c) The North Carolina Business Committee for Education, Inc., and the Center for 21st Century Skills shall work with the North Carolina Science, Mathematics and Technology Education Center, the North Carolina School of Science and Mathematics, the North Carolina Board of Science and Technology, and the governing boards of education to research and propose options to create new or expand existing mathematics and science summer enrichment programs across the State and to establish nonresidential high schools focused on mathematics, science, and technology. The Center shall also support efforts of the Futures for Kids Program to connect students with the workforce needs of their home communities.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

TEACHER WORKING CONDITIONS INITIATIVE

SECTION 7.40.(a) Funds are appropriated in this act to continue the Governor's Teacher Working Conditions Survey. The State Board of Education shall use these funds: (i) for the administration of the survey by the Professional Teaching Standards Commission on a biennial basis, and (ii) to establish an advisory board to oversee implementation of recommendations from the survey.

SECTION 7.40.(b) The State Board of Education may supplement these funds with gifts or other private funds donated for this purpose.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLAN AND FUNDING FOR A VIRTUAL HIGH SCHOOL

SECTION 7.41.(a) The State Board of Education, the Board of Governors of The University of North Carolina, the Independent Colleges and Universities, and the State Board of Community Colleges shall develop E-learning standards and plans for infrastructures that provide virtual learning opportunities accessible to students and other citizens through all North Carolina schools, universities, and community colleges. In developing the plan for the public schools, the State Board of Education shall focus initially on high schools while also researching and developing, where appropriate, E-learning for middle schools, junior high schools, and elementary schools. E-learning programs shall support both teachers and students.

SECTION 7.41.(b) As used in this section, "E-learning" is electronic learning that includes a wide set of applications and processes, such as Web-based learning, computer-based learning. virtual classrooms, and digital collaboration. It includes the delivery of content via Internet, intranet/extranet (LAN/WAN), audiotape, videotape, satellite broadcast, interactive television, and CD-ROM.

SECTION 7.41.(c) It is the intent of the General Assembly to give public schools the highest priority in funding for and development of E-learning. Funding for E-learning should be a new appropriation and not come exclusively from existing funds.

SECTION 7.41.(d) The State Board of Education shall use funds appropriated for a virtual high school to establish and implement a pilot virtual high school during the 2005-2006 school year and the 2006-2007 school year.

The State Board of Education shall include in the pilot program information on personnel [illegible] Survey. The information shall be [illegible]

knowledge and skills they need, before they become self-supporting, to make critical decisions regarding their personal finances. The components of instruction shall include, at a minimum, consumer financial education, personal finance, and personal credit.

SECTION 7.41.(e) If the pilot program is successful, it is the intent of the General Assembly to provide funding to implement a virtual high school on a statewide basis for the 2006-2007 fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FEASIBILITY STUDY FOR DEVELOPING REGIONAL EDUCATION NETWORKS

SECTION 7.42. The North Carolina Rural Economic Development Center and the e-NC Authority, in collaboration with representatives from local school administrative units, The University of North Carolina, the State Board of Education, the State Chief Information Officer, and the Community College System shall perform a feasibility study on developing regional education networks that are centrally managed to provide and sustain broadband connectivity to individual students and teachers in schools, community colleges, and universities.

The study shall include an evaluation of existing technology infrastructures, such as the statewide infrastructure, the North Carolina Research and Education Network, or the regional infrastructure, Winston-Net. These state-of-the-art infrastructures may be capable of supporting growth in traffic and thus serve as a backbone infrastructure for delivering high-speed access to underserved regions.

The North Carolina Rural Economic Development Center and the e-NC Authority shall report the results of the study to the 2006 Regular Session of the 2005 General Assembly.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLAN FOR PROJECTING SCHOOL TECHNOLOGY FUNDING NEEDS

SECTION 7.43.(a) G.S. 115C-102.6A(c) reads as rewritten:

"(c) Components of the State school technology plan shall include at least the following:

...

(17) A baseline template for:

a. Technology infrastructure, including broadband connectivity, personnel recommendations, and other resources needed to operate effectively from the classroom desktop to local, regional, and State networks, and

b. An evaluation component that provides for local school administrative unit accountability for maintaining quality upgradeable systems."

SECTION 7.43.(b) Before November 2005, the Department of Public Instruction shall hold regional workshops for local school administrative units to provide guidance in developing local school system technology plans that meet the criteria established in the State school technology plan, including the components added

under subsection (a) of this section. The State Chief Information Officer will assist with the regional meetings as needed to provide technical assistance.

SECTION 7.43.(c) G.S. 115C-102.7 is amended by adding the following new subsection to read:

"(c) The Department of Public Instruction shall randomly check local school system technology plans to ensure that local school administrative units are implementing their plans as approved. The Department shall report to the State Board of Education and the State Chief Information Officer on which local school administrative units are not complying with their plans. The report shall include the reasons these local school administrative units are out of compliance and a recommended plan of action to support each of these local school administrative units in carrying out their plans."

SECTION 7.43.(d) The State Board of Education shall determine the total amount of funds needed for the recurring total cost of ownership to implement, maintain, and upgrade technology infrastructures and instructional technology as specified in the revised local school system technology plans. This shall include personnel costs for both technical and instructional needs so that a three- to five-year budget plan can be developed for the General Assembly.

SECTION 7.43.(e) The State Board of Education shall also study and identify the types of resources needed to operate schools designed to meet the needs of twenty-first century learners.

The State Board shall report the results of this study to the 2006 Regular Session of the 2005 General Assembly.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ANNUAL REPORT THAT HIGHLIGHTS THE IMPACT OF EDUCATION PREPARATION ON ECONOMIC GROWTH

SECTION 7.44. The North Carolina Board of Science and Technology shall prepare an annual report by county on the status of trends that reflect the impact of education on economic growth for the twenty-first century. This report shall contain information about the status of each county with regard to education and economic growth.

The Board shall provide the report to the Regular 2006 Session of the 2005 General Assembly and shall make the report available for citizens.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PROCESS FOR MORE ASSISTANCE FOR E-RATE

SECTION 7.45. In order to provide assistance to local school administrative units with E-rate applications, the Department of Public Instruction shall, within existing funds, ensure that a minimum of one full-time coordinator who has technical knowledge and skills is assigned this responsibility. The Department shall notify local school administrative units about the person or office assigned the responsibility of providing assistance with E-rate applications.

The Department shall provide the State Board of Education with an annual report on E-rate, including funding, commitments, and enrollment by local school administrative units.

As used in this section, "E-rate" is the mechanism to provide discount rates to support universal telecommunications services for use by schools and libraries as provided in section 254 of the federal Telecommunications Act of 1996.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLANNING FOR A STATE CENTRAL INFRASTRUCTURE OFFICE

SECTION 7.46.(a) The Office of State Budget and Management shall conduct a study to determine the feasibility of establishing a State Central Infrastructure Office that would collect and manage information for technology, water, sewer, and other utility infrastructures needed to assist communities in becoming and remaining economically viable.

SECTION 7.46.(b) The Office of State Budget and Management shall report the results of this study to the 2006 Regular Session of the 2005 General Assembly. The report shall include legislative proposals, including a proposal to define the term "infrastructure" in the General Statutes to include technology.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SCHOOL EMPLOYEE SALARY STUDY

SECTION 7.47. The Joint Legislative Education Oversight Committee shall study the current salary structure for teachers and other school employees. In the course of the study, the Committee shall:

(1) Develop a plan to get the State moving toward the national average in teacher salaries by 2008 and toward the top 10 states in the nation by 2010.

(2) Consider strategies for maintaining the lead in teacher salaries in the Southeastern United States.

(3) Consider the need to reduce the number of steps on the teacher salary schedule, increase the beginning teacher salary, and enable an individual to reach the maximum salary sooner.

(4) Perform a market-sensitive analysis of the skills and knowledge needed to be a successful teacher to determine what it takes to make the schedule attractive and competitive.

(4) Consider the placement of appropriate extraordinary increases on schedule for achievement of career status, teacher retention, and other purposes.

(5) Determine the need to modify the masters schedule differential.

(6) Determine the need to modify the alternative salary schedules to reward different levels of academic preparation and career accomplishments such as attainment of national certification.

(7) Consider the appropriate relationship of the school counselor's schedule to the schedules for other members of the school-based staff.

(8) Determine the need to modify the administrator salary schedule.

(9) Consider other matters the Committee deems appropriate.

The Committee shall report the results of its study to the 2006 Regular Session of the 2005 General Assembly.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

COMMISSION FOR A SOUND BASIC EDUCATION

SECTION 7.48.(a) The North Carolina Commission for a Sound Basic Education is hereby established. The Commission shall (i) investigate strategies and resources which contribute to the opportunity for North Carolina students to obtain a sound basic education, (ii) analyze all current plans for implementing the strategies developed to enhance every child's ability to fulfill his or her potential, and (iii) if necessary, provide a cost analysis for implementing those plans.

SECTION 7.48.(b) The Commission shall consist of six members appointed by the President Pro Tempore of the Senate and six members appointed by the Speaker of the House of Representatives. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Commission from their appointees.

SECTION 7.48.(c) The Commission shall appoint advisory members to assist it in its work. The advisory members shall include at least two parents of children in the public schools and representatives of State agencies, the Community College System, The University of North Carolina, education organizations, child health organizations, and child advocacy organizations.

SECTION 7.48.(d) The full commission shall meet on a monthly basis. The commission shall develop the necessary and appropriate committees and subcommittees to facilitate completion of its work. The committees and subcommittees shall meet as necessary to effectively conduct the work with which they are charged.

SECTION 7.48.(e) Only members of the Commission may vote on any matter before the Commission.

SECTION 7.48.(f) Members of the Commission and advisory members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5. or 138-6, as appropriate.

SECTION 7.48.(g) The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs. The Commission may meet in the Legislative Building or the Legislative Office Building.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. If the Commission hires a consultant to

consultant shall not be a State employee or a person currently under contract with the State to provide services.

All State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission.

SECTION 7.48.(h) The Commission shall provide opportunities for substantive and meaningful input into and development and review of the comprehensive plan by all stakeholders in the public education system. These stakeholders include, but are not limited to, students, parents, guardians, educators, school board members, education advocates, and child health professionals. Opportunities for input and review shall include (i) regional public forums, (ii) regular distribution to local newspapers statewide of details of its work and posting of the information on the Internet, (iii) providing stakeholders with the opportunity to identify representative members of stakeholder groups to be included as full participants in the Commission's deliberations, and (iv) open meetings of the Commission and any committees it may create.

SECTION 7.48.(i) The Commission shall make a final report to the General Assembly by January 15, 2006. The report shall include the details of the plans, the results of the cost analysis and a proposed budget, and any statutory changes necessary to implement the plans on a statewide basis.

SECTION 7.48.(j) The Commission shall terminate upon filing its final report or upon the convening of the 2006 Regular Session of the 2005 General Assembly, whichever is earlier.

SECTION 7.48.(k) Funds in the amount of two hundred thousand dollars ($200,000) are appropriated in this act to the General Assembly to carry out its work of the North Carolina Commission for a Sound Basic Education.

PART VIII. COMMUNITY COLLEGES

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 8.1.(a) Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2004-2005 fiscal year but shall remain available until expended.

SECTION 8.1.(b) The Community Colleges System Office shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the College Information System Project.

SECTION 8.1.(c) Subsection (a) of this section becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

CARRYFORWARD FOR EQUIPMENT

SECTION 8.2.(a) Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System Office may carry-forward an amount not to exceed fifteen million dollars ($15,000,000) of the operating funds that were not reverted in fiscal year 2004-2005 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These funds shall be distributed to colleges consistent with G.S. 115D-31.

SECTION 8.2.(b) This section becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.3.(a) 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) Associate Degree or Equivalent. – This education level includes faculty members who have an associate 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 8.3.(b) For the 2005-2006 school year, the minimum salaries for nine-month, full-time, curriculum community college faculty shall be as follows:

Education Level	Minimum Salary 2005-2006	Minimum Salary 2006-2007
Vocational Diploma/Certificate or Less	$29,652	$30,542
Associate Degree or Equivalent	$30,102	31,005
Bachelors Degree	$32,050	33,011
Masters Degree or Education Specialist	$33,777	34,790
Doctoral Degree	$36,269	37,357

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

SECTION 8.3.(c)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average, therefore:

a. If the average faculty salary in a community college is one [illegible] or more of the national average

community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.

b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.

c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

d. If the average faculty salary at a community college is at least eighty-five percent (85%) but less than ninety percent (90%) of the national average community college faculty salary, the college may transfer up to three percent (3%) of the State funds allocated to it for faculty salaries.

e. If the average faculty salary at a community college is eighty-five percent (85%) or less of the national average community college faculty salary, the college may transfer up to two percent (2%) of the State funds allocated to it for faculty salaries.

Except as provided by subdivision (2) of this subsection, a community college shall not transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by this subsection.

(2) With the approval of the State Board of Community Colleges, a community college at which the average faculty salary is eighty-five percent (85%) or less of the national average may transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by sub-subdivision e. of subdivision (1) of this subsection. The State Board shall approve the transfer only for purposes that directly affect student services.

(3) A local community college may use all State funds allocated to it except for Literacy Funds and Funds for New and Expanding Industry Training to increase faculty salaries.

SECTION 8.3.(d) As used in this section:

(1) "Average faculty salary at a community college" means the total nine-month salary from all sources of all nine-month, full-time, curriculum faculty at the college, as determined by the North Carolina Community College System on October 1 of each year.

(2) "National average community college faculty salary" means the nine-month, full-time, curriculum salary average, as published by the

Integrated Postsecondary Education Data System (IPEDS), for the most recent year for which data are available.

SECTION 8.3.(e) The State Board of Community Colleges shall adopt rules to implement the provisions of this section.

SECTION 8.3.(f) The State Board of Community Colleges shall report to the appropriations subcommittees on education, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Fiscal Research Division, and the Office of State Budget and Management by December 1, 2005, and every year thereafter through December 1, 2009, on the implementation of this section.

SECTION 8.3.(g) Funds appropriated in this act for salary increases shall be used to increase faculty and professional staff salaries by an average of two percent (2%). These increases are in addition to other salary increases provided for in this act and shall be calculated on the average salaries prior to the issuance of the compensation increase. Colleges may provide additional increases from funds available.

The State Board of Community Colleges shall adopt rules to ensure that these funds are used only to move faculty and professional staff to the respective national averages. These funds shall not be transferred by the State Board or used for any other budget purpose by the community colleges.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

WORKFORCE DEVELOPMENT PROGRAMS

SECTION 8.4.(a) Article 1 of Chapter 115D of the General Statutes is amended by adding a new G.S. 115D-5.1 to be entitled "Workforce Development Programs"; G.S. 115D-5(d) is recodified as G.S. 115D-5.1(a); G.S. 115D-5(k) is recodified as G.S. 115D-5.1(b); and G.S. 115D-5(i) is recodified as G.S. 115D-5.1(c).

SECTION 8.4.(b) G.S. 115D-5.1, as enacted by subsection (a) of this section, reads as rewritten:

"**§ 115D-5.1. Workforce Development Programs.**

(a) Community colleges shall assist in the preemployment and in-service training of employees in industry, business, agriculture, health occupation and governmental agencies. Such training shall include instruction on worker safety and health standards and practices applicable to the field of employment. The State Board of Community Colleges shall make appropriate regulations including the establishment of maximum hours of instruction which may be offered at State expense in each in-plant training program. No instructor or other employee of a community college shall engage in the normal management, supervisory and operational functions of the establishment in which the instruction is offered during the hours in which the instructor or other employee is employed for instructional or educational purposes.

(b) The North Carolina Community College System's New and Expanding Industry Training (NEIT) Program Guidelines, which were adopted by the State Board of Community Colleges on April 18, 1997, apply to all funds appropriated for the Program after June 30, 1997. A project approved as an exception under these Guidelines, or these Guidelines as modified by the State Board of Community Colleges, shall be approved for one year only.

(c) The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on September 1 of each year on expenditures for the New and Expanding Industry Training Program each fiscal year. The report shall include, for each company or individual that receives funds for the New and Expanding Industry Training Program:

(1) The total amount of funds received by the company or individual;

(2) The amount of funds per trainee received by the company or individual;

(3) The amount of funds received per trainee by the community college training the trainee;

(4) The number of trainees trained by company and by community college; and

(5) The number of years the companies or individuals have been funded.

(d) Funds available to the New and Expanding Industry Training Program shall not revert at the end of a fiscal year but shall remain available until expended.

(e) There is created within the North Carolina Community College System the Customized Industry Training (CIT) Program. The CIT Program shall offer programs and training services as new options for assisting existing business and industry to remain productive, profitable, and within the State. Before a business or industry qualifies to receive assistance under the CIT Program, the President of the North Carolina Community College System shall determine that:

(1) The business is making an appreciable capital investment;

(2) The business is deploying new technology; and

(3) The skills of the workers will be enhanced by the assistance.

The State Board shall report on an annual basis to the Joint Legislative Education Oversight Committee on:

(1) The total amount of funds received by a company under the CIT Program;

(2) The amount of funds per trainee received by that company;

(3) The amount of funds received per trainee by the community college delivering the training;

(4) The number of trainees trained by the company and community college; and

(5) The number of years that company has been funded.

The State Board shall adopt rules and policies to implement this section."

SECTION 8.4.(c) Notwithstanding any other provision of law, the State Board of Community Colleges may use funds appropriated to it for the New and Expanding Industry Training Program to operate programs under the Customized Industry Training Program.

SECTION 8.4.(d) G.S. 115D-5.1(d), as enacted by this section, becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

REPORT ON THE ADEQUACY OF MULTICAMPUS FUNDS

SECTION 8.5. The General Assembly finds that additional data are needed to determine the adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and colleges with off-campus centers shall report annually, beginning September 1, 2005, to the Community Colleges System Office on all expenditures by line item of funds used to support their multicampuses and off-campus centers. The Community Colleges System Office shall report on these expenditures to the Education Appropriation Subcommittees of the House of Representatives and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by October 1 of each year.

Notwithstanding any other provision of law, funds appropriated to the Community Colleges System Office for multicampus colleges or off-campus centers shall be used only for the administration of the multicampus college or off-campus center for which the funds were allotted. These funds shall not be transferred to any other campus or center, or used for any other purpose.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EDUCATION PROGRAM AUDITING FUNCTION

SECTION 8.6. G.S. 115D-5(m) reads as rewritten:

"(m) ~~The State Board of Community Colleges shall require auditors of community college programs to use a statistically valid sample size in performing program audits of community colleges.~~ The State Board of Community Colleges shall maintain an education program auditing function that conducts an annual audit of each community college operating under the provisions of this Chapter. The purpose of the annual audit shall be to ensure that college programs and related fiscal operations comply with State law, State regulations, State Board policies, and System Office guidance. The State Board of Community Colleges shall require auditors of community college programs to use a statistically valid sample size in performing program audits of community colleges. All education program audit findings shall be forwarded to the college president, local college board of trustees, the State Board of Community Colleges, and the State Auditor. The State Board shall assess a twenty-five percent (25%) fiscal penalty in addition to the audit exception on all audits of both dollars and student membership hours excepted when the audit exceptions result from nonprocessing errors."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FERRY BOAT OPERATOR TRAINING FEASIBILITY STUDY

SECTION 8.7.(a) The State Board of Community Colleges, in consultation with the Ferry Division of the Department of Transportation, shall study the need for training for ferry boat operators. In conducting the study, the State Board shall consider the following:

(1) Types of training needed and whether it is feasible for the community colleges to provide this training.

(2) Estimated number of trainees.

(3) Estimated [illegible] students.

(4) Start-up costs for the program and resources for those costs.
(5) Location of the training.

SECTION 8.7.(b) The State Board shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Transportation Oversight Committee on its findings and recommendations no later than December 1, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EXTEND THE SUNSET ON TRAINING AND REEMPLOYMENT CONTRIBUTIONS MADE BY EMPLOYERS

SECTION 8.8.(a) Section 8 of S.L. 1999-321, as amended by Section 30.5(f) of S.L. 2001-424, reads as rewritten:

"Section 8. Section 1 of this act is effective with respect to calendar quarters beginning on or after April 1, 1999. Section 7 of this act becomes effective July 1, 1999. The remainder of this act is effective with respect to calendar quarters beginning on or after January 1, 2000. ~~G.S. 96-6.1, as enacted by Section 2 of this act, is repealed effective with respect to calendar quarters beginning on or after January 1, 2006.~~"

SECTION 8.8.(b) G.S. 96-6.1 is amended by adding a new subsection to read:

"(c) Sunset. – This section is repealed effective with respect to calendar quarters beginning on or after January 1, 2011."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

COMMUNITY COLLEGE INNOVATIVE LEARNING FUND

SECTION 8.9. There is created within the North Carolina Community College System (NCCCS) The Innovative Learning Fund. The purpose of the Fund is to assist colleges with infrastructure needs as they evolve to meet the needs of the changing economy. The President of the NCCCS, in consultation with the State Board of Community Colleges, may make grants to qualified colleges of up to one million dollars ($1,000,000), for planning, equipment, or technology for innovative or lifelong learning centers. The NCCCS shall consult with the seven Economic Development Partnerships, the local boards of trustees, the constituent institutions of The University System when appropriate, and any other entity it deems necessary to prioritize and determine which projects should receive grants from the Fund. In awarding the grants, the President and the State Board shall consider the following:

(1) The Vision Plan of the Economic Development Partnership where the project will be located;
(2) The ability of the county to provide funding for the project;
(3) The maintenance of effort by the county to support the existing mission of the college;
(4) The impact the innovative learning center will have on economic development in the county and region; and
(5) The existence of any other innovative learning centers in the region.

Priority shall be given to projects that directly impact teacher education, allied health, economic development, or public safety.

Funds appropriated in this act for the Innovative Learning Fund shall not revert at the end of the 2005-2006 fiscal year but shall remain available until expended.

Requested by: Senators Rand, Lucas, Swindell, Garrou, Dalton, Hagan

CARRYFORWARD FOR COLLEGES IN ECONOMICALLY DISADVANTAGED COUNTIES

SECTION 8.10.(a) Notwithstanding G.S. 143-18 or any other provision of law, a community college may retain and carry-forward its General Fund current operations credit balance remaining at the end of the fiscal year, if the county in which the main campus of the community college is located:

(1) Is designated as a Tier 1 or Tier 2 county in accordance with G.S. 105-129.3;

(2) Had an unemployment rate greater than or equal to seven percent (7%) in calendar year 2004; and

(3) Is designated as a Low-Wealth County under Section 7.6 of this act, whose wealth as calculated by the Low-Wealth Formula is eighty percent (80%) or less of the State Average.

SECTION 8.10.(b) Colleges who serve counties that meet the criteria outlined in subsection (a) of this section, but whose main campuses are not located in such counties, may carry-forward the percentage of the funds remaining at the end of the fiscal year equal to the percentage of total full-time equivalent students served in those counties that meet the criteria, as determined by the North Carolina Community Colleges System Office.

SECTION 8.10.(c) Allowable carryforwards under this section shall be calculated prior to the calculation of Performance Funding as described in G.S. 115D-31.3.

SECTION 8.10.(d) This section becomes effective June 30, 2005.

Requested by: Senators Rand. Lucas, Swindell, Garrou, Dalton, Hagan

DEFENSE TECHNOLOGY INNOVATION CENTER

SECTION 8.11. Funds appropriated in this act for North Carolina Electronics and Information Technologies Association's Defense Technology Innovation Center shall be used for the following:

(1) Site selection and acquisition, including the purchase or lease of real property to house the Center; the construction of buildings or other site structures; the improvement or refurbishment of existing structures to provide appropriate laboratory and administrative space; and the improvement of existing infrastructure at the facility, including improvements to utility, telecommunications, and Internet infrastructure.

(2) Equipment acquisition, including acquisition of laboratory equipment and supplies and office furniture, equipment, and supplies.

(3) [illegible] to support [illegible]

(4) Implementation of a comprehensive business and marketing plan for the Center.
(5) Development of a tenant screening process and the recruitment of appropriate tenants for the Center.
(6) Administration and operation of the Center and the development of a sustainable business plan for the Center.

PART IX. UNIVERSITIES

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC FLEXIBILITY GUIDELINES

SECTION 9.1. The Chancellor of each constituent institution shall report to the Board of Governors of The University of North Carolina on the management flexibility adjustments made to the General Fund budget codes in order to meet the reserve amounts for that institution. The President of The University of North Carolina shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes controlled by the Board in order to meet the reduction reserve amounts for those entities. The Board of Governors shall make a summary report to the Office of State Budget and Management and the Fiscal Research Division by December 31, 2005, on all reductions made by these entities and constituent institutions in order to reduce the budgets by the targeted amounts.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ENROLLMENT GROWTH FUND/ENCOURAGE PARTNERSHIPS FOR NEW 2 + 2 PROGRAMS

SECTION 9.2.(a) The University of North Carolina Board of Governors' Task Force on Meeting Teacher Supply and Demand called for the President to develop a plan for enrollment growth in the University System's teacher education programs to respond to the State's shortage of teachers. In a presentation to the Joint Legislative Education Oversight Committee and to the Board of Governors, a commitment was made to increase the number of teacher education graduates in 2005-2006 and in 2006-2007. The Office of the President of The University of North Carolina shall obtain plans from each campus as to how they will maintain their current enrollment in the teacher education programs and achieve their growth targets to ensure such increases in those programs occur. Plans may include using enrollment growth funds for targeted admissions, enhanced student support, and advising, recruiting, increases in faculty in necessary instructional areas that lead to certification, and other methods the Office of the President believes will achieve those results. The Office of the President shall report back to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee no later than December 30, 2005, on each campus's plan. No later than March 31, 2006, the Office of the President shall submit a report on progress towards meeting this priority for the 2006-2007 academic year, based on each campus's current students in the education programs, and the students who have been accepted for the 2006-2007 fiscal year who are enrolling in the education

programs. The report shall also explain the distribution of enrollment growth funds by specific initiative.

SECTION 9.2.(b) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall strongly encourage the constituent institutions and the community colleges that do not currently have 2 + 2 programs that emphasize teacher education to design and enter into formal partnerships to offer those 2 + 2 programs. The Board of Governors and the Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee by February 1, 2006, regarding the status of existing 2 + 2 programs and any new partnerships established.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC-NCCCS JOINT INITIATIVE FOR TEACHER EDUCATION AND RECRUITMENT

SECTION 9.3.(a) Funds appropriated in this act to The University of North Carolina for the UNC-NCCCS Joint Initiative for Teacher Education and Recruitment shall be used to establish eight positions. These individuals shall have an office in and work with staff in the Regional Alternative Licensure Centers of the Department of Public Instruction. Their responsibilities are to assist in increasing the number of certified teachers in the public schools of North Carolina. To accomplish this, their specific tasks are as follows:

(1) Resolve curriculum issues between The University of North Carolina campuses and the community colleges within each region to ensure seamless articulation;

(2) Serve as licensure advisors to prospective teachers and assist with individual reviews for lateral entry candidates;

(3) Offer admissions advice to community college students seeking to transfer to a four-year institution; and

(4) Recruit prospective teachers on community college campuses.

Funds have been included in the appropriation to ensure these staff members can travel routinely among all the University System campuses and community college sites within a region.

SECTION 9.3.(b) The results of this initiative shall be reported annually, and shall include at a minimum, the following performance outcomes by region in which the advisors are working:

(1) Number of community college students articulated and working toward teacher licensure, their "base" community college, and The University of North Carolina institution to which they have moved;

(2) Number of lateral entry teachers worked with by these advisors who are actively pursuing certification, and the number licensed;

(3) Head count of the number of students in the process of receiving courses towards certification, their home county, where/at what institution(s) they are taking the courses, and whether they are taking

the course by regular attendance or via distance education (or the respective percentages if both methods are being employed);

(4) Total full-time equivalencies (FTE's) and student credit hours that the head count in subdivision (3) of this subsection represents;

(5) Articulation issues and curriculum changes effectively made as a result of these advisors; and

(6) Articulation issues that are under discussion but have not been satisfactorily resolved.

SECTION 9.3.(c) These results shall be reported by September 1, 2006, and annually thereafter to the State Board of Education, the Board of Governors of The University of North Carolina, the State Board of Community Colleges, the Education Cabinet, the Joint Legislative Education Oversight Commission, and the Office of State Budget and Management.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ENROLLMENT GROWTH FUNDING MODEL

SECTION 9.4. The Office of State Budget and Management, jointly with The University of North Carolina and the Fiscal Research Division of the General Assembly, shall conduct a comprehensive review of the enrollment funding model to review the assumptions contained within each element of the formula, to obtain current benchmark information related to specific elements within the formula, and to examine the impact of alternative elements and assumptions. An alternative to the current model shall be the result of this analysis. This alternative shall be used to prepare a request for enrollment growth funding for the budget to be submitted for the 2006 Session of the General Assembly and shall be shown in comparison to the use of the current formula.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC-NCCCS 2+2 E-LEARNING INITIATIVE

SECTION 9.5. Funds appropriated in this act to The University of North Carolina and the North Carolina Community College System for the UNC-NCCCS 2+2 E-Learning Initiative shall be used to fund further development of online courses for 2+2 programs. Based on a mutually agreed upon decision by the State Board of Education Chairman, the President of the North Carolina Community College System, and the President of The University of North Carolina as to the areas of greatest need, funds are available to support joint technology development, systems to track student progress and articulation between a North Carolina community college and a University of North Carolina campus, and to develop technology to support online courses and 2+2 programs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.6.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of sixty-seven million two hundred forty-eight thousand sixteen dollars ($67,248,016) for fiscal year

2005-2006 and the sum of sixty-seven million six hundred thirty-eight thousand sixteen dollars ($67,638,016) for fiscal year 2006-2007; and to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for fiscal year 2005-2006 and the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for fiscal year 2006-2007. These funds shall be allocated by the North Carolina State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7.

The SEAA shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. The SEAA may make recommendations for redistribution of funds to The University of North Carolina and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.6.(b) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of seven hundred eighty thousand dollars ($780,000) for the 2005-2006 fiscal year and the sum of one million one hundred seventy thousand dollars ($1,170,000) for the 2006-2007 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium Teaching Scholarship Loan Program) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the Historically Black Colleges and Universities that do not have Teaching Fellows. An allocation of 20 grants of six thousand five hundred dollars ($6,500) each shall be given to the three universities without any Teaching Fellows for the purposes specified in this subsection.

The SEAA shall administer these funds and shall establish any additional criteria needed to award these scholarship loans, the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

SECTION 9.6.(c) If the interest income generated from the Escheat Fund is insufficient to pay the appropriations made in subsections (a) and (b) of this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum of four hundred million dollars ($400,000,000).

SECTION 9.6.(d) All obligations to students for uses of the funds set out in sections that were made before the date this act becomes law shall be fulfilled as to students who remain eligible under the provisions of the respective programs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

STUDY OF DISTANCE EDUCATION

SECTION 9.7 The Office of State Budget [illegible] conduct [illegible] identify and analyze the distance education [illegible] institutions in the

University System. The study shall identify any duplication in course and program offerings, leader courses and programs at campuses in a particular area of study, the cost of developing online courses, and determine which campuses are best suited to offer a particular course or program of study. The findings of the study shall be reported to the Joint Legislative Education Oversight Committee no later than April 30, 2006.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

INFORMATION TECHNOLOGY PROCUREMENT

SECTION 9.8. For purposes of purchasing hardware, software licenses, and multiyear maintenance agreements, The University of North Carolina and its constituent institutions may participate in the aggregation of purchasing administered by the Office of State Technology Services, as defined in G.S. 147-33.72F. The Office of State Budget and Management shall conduct a cost comparison study of hardware, software license, and multiyear maintenance agreement purchases made by The University of North Carolina and its constituent institutions and by the Office of State Technology Services, to determine if further aggregation is cost-justified. The Study shall also include an analysis of aggregated purchases by the University System and the effect of educational discounts available to the University System. The report of comparative unit costs shall be completed by December 31, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

BOARD OF GOVERNORS' DENTAL SCHOLARSHIPS

SECTION 9.9.(a) The current Board of Governors' Dental Scholarship Program, under the purview of the Board of Governors of The University of North Carolina, shall make any awards to students admitted after July 1, 2005, as scholarship loan awards. The Board of Governors' Dental Scholarship Program is administered by the Board of Governors of The University of North Carolina. The Board of Governors' Dental Scholarship Program shall be used to provide a four-year scholarship loan of relevant tuition and fees, mandatory medical insurance, required laptop computers for first-year students, required dental equipment, and an annual payment of five thousand dollars ($5,000) per year to students who have been accepted for admission to the School of Dentistry at the University of North Carolina at Chapel Hill. The Board may adopt standards, including minimum grade point average and SAT scores, for awarding these scholarship loans to ensure that only the most qualified students receive them. The Board shall make an effort to identify and encourage minority and economically disadvantaged youth to enter the program. All scholarship loans shall be evidenced by notes made payable to the Board that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Board. The Board shall forgive the loan if, within seven years after graduation, the recipient practices dentistry in North Carolina for four years. The Board shall also forgive the loan if it finds that it is impossible for the recipient to practice medicine in North Carolina for four years, within seven years after graduation, because

of the death or permanent disability of the recipient. All unused funds appropriated to or otherwise received by the Board for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds shall revert to the General Fund at the end of each fiscal year.

SECTION 9.9.(b) Any dental scholarship awarded prior to July 1, 2005, shall remain a scholarship and shall not be converted to a scholarship loan unless the recipient agrees to the conversion.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

BOARD OF GOVERNORS' MEDICAL SCHOLARSHIPS

SECTION 9.10.(a) The current Board of Governors' Medical Scholarship Program, under the purview of the Board of Governors of The University of North Carolina, shall make any awards to students admitted after July 1, 2005, as scholarship loan awards. The Board of Governors' Medical Scholarship Program is administered by the Board of Governors of The University of North Carolina. The Board of Governors' Medical Scholarship Program shall be used to provide a four-year scholarship loan of relevant tuition and fees, mandatory medical insurance, required laptop computers, and an annual payment of five thousand dollars ($5,000) per year to students who have been accepted for admission to either Duke University School of Medicine, Brody School of Medicine at East Carolina University, the University of North Carolina at Chapel Hill School of Medicine, or the Wake Forest University School of Medicine. The Board may adopt standards, including minimum grade point average and SAT scores, for awarding these scholarship loans to ensure that only the most qualified students receive them. The Board shall make an effort to identify and encourage minority and economically disadvantaged youth to enter the program. All scholarship loans shall be evidenced by notes made payable to the Board that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Board. The Board shall forgive the loan if, within seven years after graduation, the recipient practices medicine in North Carolina for four years. The Board shall also forgive the loan if it finds that it is impossible for the recipient to practice medicine in North Carolina for four years, within seven years after graduation, because of the death or permanent disability of the recipient. All unused funds appropriated to or otherwise received by the Board for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds, shall revert to the General Fund at the end of each fiscal year.

SECTION 9.10.(b) Any medical scholarship awarded prior to July 1, 2005, shall remain a scholarship and shall not be converted to a scholarship loan unless the recipient agrees to the conversion.

Requested by: Senators Swindell, Lucas, Garrou, Dalton, Hagan

TEACHER SCHOLA[illegible]

SECTION 9.11.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding the following new section:

"**§ 116-209.38. Future Teachers of North Carolina Scholarship Loan Fund.**

(a) There is established the Future Teachers of North Carolina Scholarship Loan Fund. The purpose of the Fund is to provide a two-year scholarship loan of six thousand five hundred dollars ($6,500) per year for any North Carolina student pursuing a college degree to teach in the public schools of the State. The scholarship loan shall be paid only for the student's junior and senior years. The scholarship loan is available if the student is enrolled in a State institution of higher education or a private institution of higher education located in this State that has an accredited teacher preparation program for students planning to become certified teachers in North Carolina. The State Education Assistance Authority shall administer the Fund and shall award 100 scholarship loans annually.

(b) The Board of Governors of The University of North Carolina, in consultation with the State Board of Education and the State Board of Community Colleges, shall develop the criteria for awarding the scholarship loans under this section and shall adopt very stringent standards for awarding these scholarship loans to ensure that only the best students receive them. Additional criteria for awarding a scholarship loan under this section shall include all of the following:

(1) The student is one who either: (i) maintained a "B" or better average in college and is enrolled as a junior or senior in a teacher preparation program at any of the institutions described by subsection (a) of this section; or (ii) completed a college transfer curriculum at a community college in the State's community college system, maintained a "B" or better average in the community college courses, and is accepted and enrolled in a teacher preparation program at one of the institutions described by subsection (a) of this section.

(2) The student agrees to become certified in math, science, special education, or English as a Second Language and teach full-time in that subject area in a North Carolina public school for three years within four years after graduation.

(3) Any additional criteria that the Board of Governors of The University of North Carolina, in consultation with the State Board of Education and the State Board of Community Colleges, considers necessary to administer the Fund effectively.

(c) If a student who is awarded a scholarship loan under this section fails to comply with the provisions of this section or the terms of the agreement awarding the scholarship loan, then the student shall repay the full amount of the scholarship loan provided to the student and the appropriate amount of interest as determined by the State Education Assistance Authority.

(d) The Board of Governors of The University of North Carolina, the State Board of Education, and the State Board of Community Colleges shall: (i) prepare a clear written explanation of the Future Teachers of North Carolina Scholarship Fund and the information regarding the availability and criteria for awarding the scholarship loans,

and (ii) shall provide that information to the appropriate counselors in each local school system and the appropriate institutions of higher education and shall charge those counselors to inform students about the scholarship loans and to encourage them to apply for the scholarship loans.

(e) The Board of Governors of The University of North Carolina shall adopt rules to implement this section.

(f) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarship loans awarded from the Fund."

SECTION 9.11.(b) Of the funds appropriated in this act to the State Education Assistance Authority the sum of six hundred fifty thousand dollars ($650,000) for the 2005-2006 fiscal year and the sum of one million three hundred thousand dollars ($1,300,000) for the 2006-2007 fiscal year shall be used to implement this act.

Requested by: Senators Lucas, Swindell, Nesbitt, Garrou, Dalton, Hagan

UNC-ASHEVILLE RETAIN SALE PROCEEDS

SECTION 9.12. Notwithstanding any other provision of law, the University of North Carolina at Asheville may retain the proceeds from the sale of its existing chancellor's residence and appurtenant land. The University of North Carolina at Asheville may use the proceeds from the sale of its existing chancellor's residence and the appurtenant land to construct or otherwise acquire a new chancellor's residence. Proceeds from the sale not used for that purpose within two fiscal years of the sale shall revert to the General Fund.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC BOND PROJECT MODIFICATIONS

SECTION 9.13.(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 Elizabeth City State University by changing the scope of "Mitchell-Lewis Residence Hall-Comprehensive Renovation" to be a replacement project instead of a renovation. Section 2(a) of S.L. 2000-3 is therefore amended in the portion under Elizabeth City State University by replacing "Mitchell Lewis Residence Hall-Comprehensive Renovation" with "Mitchell Lewis Residence Hall-Replacement."

SECTION 9.13.(b) 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 Central University by the cancellation of "Latham Residence Hall-Comprehensive Renovation". The unused monies from "Latham Residence Hall-Comprehensive Renovation," should be transferred to "Eagleson Residence Hall-Comprehensive Renovation". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under North Carolina Central University by reducing the money allocated to "Latham Residence Hall-Comprehensive Renovation" by the following amount by two million three hundred seventy-thr

thousand four hundred fifty-seven dollars ($2,373,457) to a total of one million thirty-eight thousand one hundred forty-three dollars ($1,038,143) and by increasing the allocation to "Eagleson Residence Hall-Comprehensive Renovation" by two million three hundred seventy-three thousand four hundred fifty-seven dollars ($2,373,457) to create a total allocation of nine million two hundred forty-two thousand nine hundred fifty-seven dollars ($9,242,957).

SECTION 9.13.(c) 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 the University of North Carolina at Wilmington by the cancellation of "King Hall Classroom Building-Comprehensive Renovation", and by transferring the unused funds to the following projects listed under the portion entitled University of North Carolina at Wilmington: "Academic & Classroom Facilities," "General Classroom Bldg,", "Hinton James Hall Classroom Bldg. - Comprehensive Renovation," "Friday Hall Laboratory Bldg. - Comprehensive Renovation," "Kenan Auditorium - Comprehensive Renovation." Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the University of North Carolina at Wilmington by:

(1) Reducing the allocation to "King Hall Classroom Building – Comprehensive Renovation" by three million one hundred sixty-eight thousand six hundred eighty-nine dollars ($3,168,689) to create a total allocation of three hundred fifty-eight thousand seven hundred eleven dollars ($358,711).

(2) Increasing the allocation to "General Classroom Building" by six hundred seventy-nine thousand seven hundred seventy-eight dollars ($679,778) to create a total allocation of thirteen million three hundred twenty-six thousand seven hundred seventy-eight dollars ($13,326,778).

(3) Increasing the allocation to "Academic & Classroom Facilities" by nine hundred ninety-one thousand one hundred twenty-three dollars ($991,123) to create a total allocation of thirty-four million twenty-three thousand two hundred twenty-three dollars ($34,023,223).

(4) Increasing the allocation to "Hinton James Hall Classroom Building – Comprehensive Renovation" by one hundred seventy-six thousand six hundred nine dollars ($176,609) to create a total allocation of two million eight hundred six thousand five hundred sixty-one dollars ($2,806,561).

(5) Increasing the allocation to "Kenan Auditorium – Comprehensive Renovation" by one hundred fifty-one thousand seven hundred forty-nine dollars ($151,749) to create a total allocation of two million seventy-three thousand seven hundred twenty-four dollars ($2,073,724).

(6) Increasing the allocation to "Friday Hall Laboratory Building – Comprehensive Renovation" by one million one hundred sixty-nine

thousand four hundred thirty dollars ($1,169,430) to create a total allocation of eight million eight hundred sixty-two thousand eight hundred thirty dollars ($8,862,830).

SECTION 9.13.(d) 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 the University of North Carolina at Pembroke by the cancellation of "West Residence Hall – Comprehensive Renovation" and by transferring the unused funds to a new project, "North and Belk Residence Halls–Fire Safety Improvements and Renovations" and by the cancellation of "Campuswide Infrastructure Improvements" and by transferring those unused funds to a new project, "Biotechnology Teaching Labs and Classroom Building". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under University of North Carolina at Pembroke by:

(1) Reducing the allocation to "West Residence Hall – Comprehensive Renovation" by eight hundred seventy-nine thousand three hundred dollars ($879,300) to a total allocation of ninety-eight thousand dollars ($98,000).

(2) Reducing the allocation to "Campuswide Infrastructure Improvements" by one million seven hundred thirty thousand three hundred eighty-two dollars ($1,730,382) to a total allocation of two hundred sixty-six thousand two hundred eighteen dollars ($266,218).

(3) Adding a new project entitled "North and Belk Residence Halls – Fire Safety Improvements and Renovations $879,300".

(4) Adding a new project entitled "Biotechnology Teaching Labs and Classroom Building $1,730,382".

SECTION 9.13.(e) Nothing in this section is intended to supersede any other requirement of law or policy for approval of the substituted capital improvement projects.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

AMEND NC SCHOOL OF SCIENCE AND MATH TUITION GRANT

SECTION 9.14.(a) G.S. 116-238.1(f) reads as rewritten:

"(f) Notwithstanding any other provision of this section, no tuition grant awarded to a student under this section shall exceed the cost of ~~tuition of~~ attendance at the constituent institution at which the student is enrolled. If a student, who is eligible for a tuition grant under this subsection, also receives a scholarship or other grant covering the cost of ~~tuition~~ attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the State Education Assistance Authority. The State Education Assistance Authority shall reduce the amount of the tuition grant so that the sum of all grants and scholarship aid covering the cost of ~~tuition~~ attendance received by the student, including the tuition grant under this section, shall not exceed the cost of ~~tuition~~ attendance for the constituent institution at which the student is enrolled. The cost of

attendance, as used in this subsection, shall be determined by the State Education Assistance Authority for each constituent institution."

SECTION 9.14.(b) This section applies to any eligible student who is enrolled full-time in The University of North Carolina after July 1, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC-CHAPEL HILL CONTINUE TO OPERATE HORACE WILLIAMS AIRPORT

SECTION 9.15. The University of North Carolina at Chapel Hill shall operate the Horace Williams Airport and continue air transportation support for the Area Health Education Centers (AHEC) and the public from that location until AHEC's Medical Air Operations have access to, or utilize, the Raleigh-Durham International Airport (RDU) on a basis sufficient to serve adequately the needs of patients, physicians, and passengers associated with AHEC's statewide programs and activities. At that time, the University of North Carolina at Chapel Hill may close the Horace Williams Airport.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY FUNDS

SECTION 9.16. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2005-2006 fiscal year the sum of one million eighty-eight thousand nine hundred forty-one dollars ($1,088,941) shall be allocated to North Carolina Agricultural and Technical State University for agricultural and research extension programs. It is the intent of the General Assembly to fully fund these programs for the 2006-2007 fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

TRANSFER PROSPECTIVE TEACHER SCHOLARSHIP LOAN AND TEACHER ASSISTANT SCHOLARSHIP LOAN TO THE NC STATE EDUCATION ASSISTANCE AUTHORITY

SECTION 9.17.(a) The Scholarship Loan Fund for Prospective Teachers is transferred from the Department of Public Instruction to the State Education Assistance Authority. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6.

SECTION 9.17.(b) G.S. 115C-468 is recodified as G.S. 116-209.33. G.S. 115C-469, 115C-470, and 115C-472.1 are repealed. G.S. 115C-471 is recodified as G.S. 116-209.34.

SECTION 9.17.(c) G.S. 115C-468 recodified by subsection (b) of this section as G.S. 116-209.33 reads as rewritten:

"**§ 116-209.33. ~~Establishment of fund.~~Scholarship Loan Fund for Prospective Teachers.**

(a) There is established a revolving fund known as the "Scholarship Loan Fund for Prospective Teachers". The purpose of the Fund is to provide scholarship loans to

qualified individuals who are pursuing college degrees to become teachers. The State Education Assistance Authority shall administer the Fund.

(b) ~~Criteria~~ The State Education Assistance Authority, in consultation with the State Board of Education, shall develop criteria for awarding scholarship loans from ~~the fund shall include measures~~ the Fund. These criteria shall include:

(1) Measures of academic performance including grade point averages, scores on standardized tests, class rank, and recommendations of guidance counselors and principals.

(2) North Carolina residency. – For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.

(3) The geographic areas or subjects of instruction in which the demand for teachers is greatest.

(4) To the extent practical, an equal number of scholarships shall be awarded in each of the State's Congressional Districts.

(5) Any additional criteria that the State Education Assistance Authority considers necessary to administer the Fund effectively, including the following:

a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.

b. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of teaching.

(c) The ~~Superintendent of Public Instruction~~State Education Assistance Authority may earmark each year up to twenty percent (20%) of the funds available for scholarship loans ~~each year~~under this section for awards to applicants ~~who have been employed for at least one year as teacher assistants and who are currently employed as teacher assistants. Preference for these scholarship loans from funds earmarked for teacher assistants shall be given first to applicants who worked as teacher assistants for at least five years and whose positions as teacher assistants were abolished and then to applicants who already hold a baccalaureate degree or who have already been formally admitted to an approved teacher education program in North Carolina. The criteria for awarding scholarship loans to applicants who worked as teacher assistants for at least five years and whose positions as teacher assistants were abolished shall include whether the teacher assistant has been admitted to an approved teacher education program in North Carolina.~~for the Teacher Assistant Scholarship Fund established in G.S. 116-209.35.

~~The Superintendent of Public Instruction may further earmark a portion of these funds each year for two year awards to applicants who have been employed for at least one year as teacher assistants to attend community colleges to get other skills of use in public schools or to get an early childhood associate degree. The provisions of this Article shall apply to these scholarship loans except that a recipient of one of these scholarship loans may [illegible] upon the [illegible]~~

~~provided in G.S. 115C-471(5) or by working in a nonteaching position in the North Carolina public schools or by working in a licensed child care center in North Carolina.~~"

SECTION 9.17.(d) G.S. 115C-471 recodified by subsection (b) of this section as G.S. 116-209.34 reads as rewritten:

"**§ 116-209.34. Fund administered by ~~State Superintendent of Public Instruction; rules and regulations.~~State Education Assistance Authority; rule-making authority.**

(a) ~~The Scholarship Loan Fund for Prospective Teachers shall be administered by the State Superintendent of Public Instruction, under rules adopted by the State Board of Education and subject to the following directions and limitations:~~The State Education Assistance Authority shall establish the terms and conditions for the scholarship loans consistent with the following:

(1) ~~Any resident of North Carolina who is interested in preparing to teach in the public schools of the State may apply in writing to the State Superintendent of Public Instruction for a regular scholarship loan in the amount of not more than two thousand five hundred dollars ($2,500) per academic school year. An applicant who has been employed for at least one year as a teacher assistant and who is currently employed as a teacher assistant may apply for a scholarship loan from funds earmarked for teacher assistants in the amount of not more than one thousand two hundred dollars ($1,200) per academic school year.~~The loan amount shall be not more than four thousand dollars ($4,000) per academic school year for a maximum of four years for applicants who are pursuing a college degree to become a teacher.

(2) All scholarship loans shall be evidenced by notes made payable to the ~~State Board of Education~~ Authority that bear interest at the rate of ten percent (10%) per ~~annum from and after September 1 following fulfillment by a prospective teacher of the requirements for a certificate based upon the entry level degree; or in the case of persons already teaching in the public schools who obtain scholarship loans, the notes shall bear interest at the prescribed rate from and after September 1 of the school year beginning immediately after the use of the scholarship loans; or in the event any such scholarship is terminated under the provisions of subdivision (3) of this section, the notes shall bear interest from the date of termination. A minor recipient who signs a note shall also obtain the endorsement thereon by a parent, if there be a living parent, unless the endorsement is waived by the Superintendent of Public Instruction. The minor recipient shall be obligated upon the note as fully as if the recipient were of age and shall not be permitted to plead such minority as a defense in order to avoid the obligations undertaken upon the notes.~~year, beginning September 1 after graduation, or immediately after termination of the scholarship loan, whichever is earlier.

~~(3) Each recipient of a scholarship loan under the provisions of this program shall be eligible for scholarship loans each year until the recipient has qualified for a certificate based upon the entry level degree, but the recipient shall not be so eligible for more than the minimum number of years normally required for qualifying for the certificate. The permanent withdrawal of any recipient from college or failure of the recipient to do college work in a manner acceptable to the State Superintendent of Public Instruction shall immediately forfeit the recipient's right to retain the scholarship and subject the scholarship to termination by the State Superintendent of Public Instruction in the Superintendent's discretion.~~ A scholarship loan shall be terminated upon the recipient's withdrawing from school or a finding by the Authority that the recipient fails to meet the standards set by the Authority. All terminated scholarships shall be regarded as vacant and subject to being awarded to other eligible persons.

~~(4) Except under emergency conditions applicable to the State Superintendent of Public Instruction, recipients of scholarship loans shall enter the public school system of North Carolina at the beginning of the next school term after qualifying for a certificate based upon the entry level degree or, in case of persons already teaching in the public schools, at the beginning of the next school term after the use of the loan. All teaching service for which the recipient of any scholarship loan is obligated shall be rendered by August 31 of the seventh school year following graduation.~~

~~(5)~~(4) ~~For each full school year taught in a North Carolina public school, the recipient of a scholarship loan shall receive credit upon the amount due by reason of the loan equal to the loan amount for a school year as provided in the note plus credit for the total interest accrued on that amount. Also, the recipient of the loan shall receive credit upon the total amount due by reason of all four years of the loan if the recipient teaches for three consecutive years.~~ The Authority shall forgive a four-year loan if, within seven years after graduation, the recipient teaches for four years at a North Carolina public school or at a school operated by the United States government in North Carolina. The Authority shall also forgive a four-year loan if, within seven years after graduation, the recipient teaches for three consecutive years, or for three years interrupted only by an approved leave of absence, at a North Carolina public school that is in a low-performing school system or a school system on warning status at the time the recipient accepts employment with the local school administrative unit. ~~In lieu of teaching in the public school, a recipient may elect to pay in cash the full amount of scholarship loans received plus interest then due thereon or [illegible] canceled by the State Board of [illegible] service rendered.~~ For loans

of less than four years, the Authority shall forgive one year for each year the recipient teaches, within four years of graduation, at a North Carolina public school or a school operated by the United States government in North Carolina.

~~(6)~~(5) ~~If any recipient of a scholarship loan dies during the period of attendance at a college or university under a scholarship loan or before the scholarship loan is satisfied by payment or teaching service, any balance shall be automatically canceled.~~

~~If any recipient of a scholarship loan fails to fulfill the recipient's obligations under subdivision (4) of this section, other than as provided above, the amount of the loan and accrued interest, if any, shall be due and payable from the time of failure to fulfill the recipient's obligations.~~ The Authority may forgive or reduce any loan payment if the Authority considers that extenuating circumstances exist that would make teaching or repayment impossible.

~~(7)~~(6) ~~The State Superintendent of Public Instruction shall award scholarship loans with due consideration to factors and circumstances such as aptitude, purposefulness, scholarship, character, financial need, and geographic areas or subjects of instruction in which the demands for teachers are greatest. Since the primary purpose of this Article is to attract worthy young people to the teaching profession, preference for scholarship loans, except for the scholarship loans from funds earmarked for teacher assistants, shall be given to high school seniors in the awarding of scholarships. In awarding scholarship loans from funds earmarked for teacher assistants, preference shall be given to applicants who have already earned a baccalaureate degree or who have been formally admitted to an approved teacher education program in North Carolina.~~The Authority shall ensure that all repayments, including the accrued interest, are placed in the Fund.

(b) The State Education Assistance Authority, in consultation with the State Board of Education, shall adopt rules to implement G.S. 116-209.33, 116-209.34, and 116-209.35."

SECTION 9.17.(e) This section becomes effective January 1, 2006, and applies to scholarship loans awarded on or after that date.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNIVERSITY SYSTEM AND COMMUNITY COLLEGE SYSTEM JOINT STUDY OF HIGHER EDUCATION STRATEGY/AMEND REPORTING REQUIREMENT

SECTION 9.18. Section 6.2 of S.L. 2004-179 reads as rewritten:

"**SECTION 6.2.** These studies shall be designed to provide information and recommendations that will assist the General Assembly in setting priorities for funding to address the strategic higher education needs of the State. The Board of Governors, the State Board, and their consultant shall periodically report their findings to a higher

education programming subcommittee of the Joint Legislative Education Oversight Committee. The two boards and their consultant shall report the preliminary results of the study to the General Assembly and to the Joint Legislative Education Oversight Committee by ~~April 15, 2005,~~ June 15, 2005, and shall file a final report and recommendations with the General Assembly and the Joint Legislative Education Oversight Committee no later than ~~December 31, 2005.~~December 31, 2006."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC RESEARCH INSTITUTIONS MAY INCREASE TUITION

SECTION 9.19.(a) G.S. 116-143 reads as rewritten:

"**§ 116-143. State-supported institutions of higher education required to charge tuition and fees.**

~~The~~ Except as provided in G.S. 116-143.6, the Board of Governors of the University of North Carolina shall fix the tuition and fees, not inconsistent with actions of the General Assembly, at the institutions enumerated in G.S. 116-4 in such amount or amounts as it may deem best, taking into consideration the nature of each institution and program of study and the cost of equipment and maintenance; and each institution shall charge and collect from each student, at the beginning of each semester or quarter, tuition, fees, and an amount sufficient to pay other expenses for the term.

In the event that said students are unable to pay the cost of tuition and required academic fees as the same may become due, in cash, the said several boards of trustees are hereby authorized and empowered, in their discretion, to accept the obligation of the student or students together with such collateral or security as they may deem necessary and proper, it being the purpose of this Article that all students in State institutions of higher learning shall be required to pay tuition, and that free tuition is hereby abolished.

Inasmuch as the giving of tuition and fee waivers, or especially reduced rates, represent in effect a variety of scholarship awards, the said practice is hereby prohibited except when expressly authorized by statute or by the Board of Governors of the University of North Carolina; and, furthermore, it is hereby directed and required that all budgeted funds expended for scholarships of any type must be clearly identified in budget reports.

Notwithstanding the above provision relating to the abolition of free tuition, the Board of Governors of the University of North Carolina may, in its discretion, provide regulations under which a full-time faculty member of the rank of full-time instructor or above, and any full-time staff member of the University of North Carolina may during the period of normal employment enroll for not more than one course per semester in the University of North Carolina free of charge for tuition, provided such enrollment does not interfere with normal employment obligations and further provided that such enrollments are not counted for the purpose of receiving general fund appropriations."

SECTION 9.19.(b) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-143.6. Board of Trustees of a Research University I campus may increase tuition without approval of the Board of Governors.**

(a) Notwithstanding G.S. 116-11(7) and G.S. 116-143, the Board of Trustees of a constituent institution designated as a Research University I campus of The University of North Carolina may set undergraduate tuition for an academic year. In considering tuition, the Boards of Trustees shall take into account that undergraduate tuition for North Carolina residents shall remain affordable to ensure accessibility, as required by Section 9 of Article IX of the North Carolina Constitution, and shall take the appropriate steps to increase financial aid accordingly and to ensure that the annual undergraduate in-State tuition rate remains in the lowest quartile of that constituent institution's national public peers.

Any additional revenues derived from a tuition increase set under this section shall remain available for use on that campus and are in addition to the operating budgets approved by the General Assembly.

(b) If a Board of Trustees decides to increase tuition at a constituent institution, the institution shall notify the Board of Governors, the Office of State Budget and Management, and the Fiscal Research Division of the amount of increase, additional receipts anticipated, and the allocation of the funds among various programs in a format prescribed by the Board of Governors of The University of North Carolina."

SECTION 9.19.(c) This section applies to the 2005-2006 academic year and each subsequent academic year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

NC SPACE GRANT CONSORTIUM FUNDS

SECTION 9.20. Funds appropriated by this act to the North Carolina Space Grant Consortium shall be allocated only to constituent institutions of The University of North Carolina participating in the Consortium; no funds shall be allocated to any private institution as defined by G.S. 116-15(a2) that participates in the Consortium.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND

SECTION 9.21.(a) G.S. 116-41.15 reads as rewritten:

"**§ 116-41.15. Distinguished Professors Endowment Trust Fund; allocation; administration.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) On the basis of one three hundred thirty-four thousand dollar ($334,000) challenge grant for each six hundred sixty-six thousand dollars ($666,000) raised from private sources; or

(2) On the basis of one one hundred sixty-seven thousand dollar ($167,000) challenge grant for each three hundred thirty-three thousand dollars ($333,000) raised from private ~~sources.~~sources; or

(3) On the basis of one challenge grant of up to six hundred sixty-seven thousand dollars ($667,000) for funds raised from private sources in twice the amount of the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision ~~(1) or~~(1), subdivision ~~(2)~~ (2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on ~~a two-to-one basis.~~the basis of two dollars of private funds for every one dollar of State funds.

(b) For focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) On the basis of one five hundred thousand dollar ($500,000) challenge grant for each five hundred thousand dollars ($500,000) raised from private sources; or

(2) On the basis of one two hundred fifty thousand dollar ($250,000) challenge grant for each two hundred fifty thousand dollars ($250,000) raised from private ~~sources.~~sources; or

(3) On the basis of one challenge grant of up to one million dollars ($1,000,000) for funds raised from private sources in the same amount as the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision ~~(1) or~~(1), subdivision ~~(2)~~(2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on ~~a one-to-one basis.~~the basis of one dollar of private funds for every dollar of State funds.

(c) Matching funds shall come from contributions made after July 1, 1985, and pledged for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board of trustees shall establish its own Distinguished Professors Endowment Trust Fund, and shall maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private contributions and for the State matching funds for the challenge grants. The State matching funds shall be transferred to the constituent institution's Endowment Fund upon notification that the institution has received and deposited the appropriate amount required by this section in its own Distinguished Professors Endowment Trust Fund. Only the net income from that account shall be expended in support of the distinguished professorship thereby created."

SECTION 9.21.(b) G.S. 116-41.16 reads as rewritten:

"**§ 116-41.16. Distinguished Professors Endowment Trust Fund; contribution commitments.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

(1) A commitment to make a donation of at least six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143-31.4, and an initial payment of one hundred eleven thousand dollars ($111,000) to receive a grant described in G.S. 116-41.15(a)(1); or

(2) A commitment to make a donation of at least three hundred thirty-three thousand dollars ($333,000), as prescribed by G.S. 143-31.4, and an initial payment of fifty-five thousand five

hundred dollars ($55,500) to receive a grant described in G.S. 116-41.15(a)~~(2);~~(2); or

(3) A commitment to make a donation in excess of six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143-31.4, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(a)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment and shall be made on or before the anniversary date of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair.

(b) For focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

(1) A commitment to make a donation of at least five hundred thousand dollars ($500,000), as prescribed by G.S. 143-31.4, and an initial payment of eighty-three thousand three hundred dollars ($83,300) to receive a grant described in G.S. 116-41.5(b)(1); or

(2) A commitment to make a donation of at least two hundred fifty thousand dollars ($250,000), as prescribed by G.S. 143-31.4, and an initial payment of forty-one thousand six hundred dollars ($41,600) to receive a grant described in G.S. 116-41.15(b)~~(2);~~(2); or

(3) A commitment to make a donation in excess of five hundred thousand dollars ($500,000), as prescribed by G.S. 143-31.4, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(b)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair."

SECTION 9.21.(c) G.S. 116-41.17 reads as rewritten:

"**§ 116-41.17. Distinguished Professors Endowment Trust Fund; establishment of chairs.**

When the sum of the challenge grant and matching funds in the ~~Scholars'~~ Distinguished Professors Endowment Trust Fund reaches:

(1) One million dollars ($1,000,000), if the sum of funds described in ~~G.S. 116-41.15(1); or~~ G.S. 116-41.15(a)(1) or G.S. 116-41.15(b)(1); or

(2) Five hundred thousand dollars ($500,000), if the sum of funds described in ~~G.S. 116-41.15(2);~~G.S. 116-41.15(a)(2) or G.S. 116-41.15(b)(2); or

(3) An amount up to two million dollars ($2,000,000), if the sum of funds described in G.S. 116-41.15(a)(3) or G.S. 116-41.15(b)(3);

the board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs. The Board, in considering whether to approve the recommendation, shall include in its consideration the programs already existing in The University of North Carolina. If the Board approves the recommendation, the chair or chairs shall be established. The chair or chairs, the property of the constituent institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the option of the board of trustees."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC MAY ENCOURAGE THE ESTABLISHMENT OF PRIVATE, NONPROFIT CORPORATIONS TO SUPPORT THE UNIVERSITY SYSTEM AND ASSIGN UNC EMPLOYEES TO ASSIST WITH THOSE CORPORATIONS

SECTION 9.22. Article 1 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 2B. Private, Nonprofit Corporations.

"**§ 116-30.20. Establishment of private, nonprofit corporations.**

The Board of Governors of The University of North Carolina shall encourage the establishment of private, nonprofit corporations to support the constituent institutions of The University of North Carolina and The University System. The President of The University of North Carolina and the chancellors of the constituent institutions may assign employees to assist with the establishment and operation of a nonprofit corporation and may make available to the corporation office space, equipment, supplies, and other related resources; provided, the sole purpose of the corporation is to support The University of North Carolina or one or more of its constituent institutions.

The board of directors of each such private, nonprofit corporation shall secure and pay for the services of The University System's internal auditors or employ a certified public accountant to conduct an audit of the financial accounts of the corporation. The board of directors shall transmit to the Board of Governors a copy of the annual financial audit report of the private, nonprofit corporation."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ELIMINATE REPORTING REQUIREMENT FOR SCHOOL ADMINISTRATOR TRAINING PROGRAMS

SECTION 9.23. G.S. 116-74.21 reads as rewritten:

"**§ 116-74.21. Establishment of a competitive proposal process for school administrator programs.**

(a) The Board of Governors shall develop and implement a competitive proposal process and criteria for reviewing proposals to establish school administrator training

programs within the constituent institutions of The University of North Carolina. To facilitate the development of the programs, program criteria, and the proposal process, the Board of Governors may convene a panel of national school administrator program experts and other professional training program experts to assist it in designing the program, the proposal process, and criteria for assessing the proposals.

(b) No more than 12 school administrator programs shall be established under the competitive proposal program. In selecting campus sites, the Board of Governors shall be sensitive to the racial, cultural, and geographic diversity of the State. Special priority shall be given to the following factors: (i) the historical background of the institutions in training educators; (ii) the ability of the sites to serve the geographic regions of the State, such as, the far west, the west, the triad, the piedmont, and the east; and, (iii) whether the type of roads and terrain in a region make commuting difficult. A school administrator program may provide for instruction at one or more campus sites.

(c) The Board of Governors shall study the issue of supply and demand of school administrators to determine the number of school administrators to be trained in the programs in each year of ~~each biennium. The Board of Governors shall report the results of this study to the Joint Legislative Education Oversight Committee no later than March 1, 1994, and annually thereafter.~~the biennium and report the results of this study to the Joint Legislative Education Oversight Committee no later than March 1 annually.

(d) The Board of Governors shall develop a budget for the programs established under subsection (a) of this section that reflects the resources necessary to establish and operate school administrator programs that meet the vision of the report submitted to the 1993 General Assembly by the Educational Leadership Task Force.

~~(e) The Board of Governors shall report annually on the implementation of the act no later than December 1 of each year.~~"

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

CONTINUE ACADEMIC COMMON MARKET PROGRAM

SECTION 9.24. Section 31.2 of S.L. 2001-424 reads as rewritten:

"**ACADEMIC COMMON MARKET ~~PILOT~~ PROGRAM**

SECTION 31.2.(a) The Southern Regional Education Board currently operates an Academic Common Market program. Under this program, qualified students from participating states may apply to attend programs at public universities in participating states that are not available in their home state's university system. North Carolina's participation for graduate programs would provide a cost-effective means of offering educational access for North Carolina residents. North Carolinians ~~would~~ will be able to attend graduate programs that are not available at The University of North Carolina at reduced rates, and the State would avoid the cost associated with the development of new academic programs.

SECTION 31.2.(b) The Board of Governors of The University of North Carolina may ~~establish a pilot program for~~ continue participation in the Southern Regional Education Board's Academic Common Market at the graduate program level. The Board of Governors shall examine the graduate programs offered in The University

of North Carolina system and select for participation only those graduate programs that are likely to be unique or are not commonly available in other Southern Regional Education Board states. Out-of-state tuition shall be waived for students who are residents of other Southern Regional Education Board states and who are participating in the Academic Common Market program. If accepted into The University of North Carolina graduate programs that are part of the Academic Common Market, these students shall pay in-State tuition and shall be treated for all purposes of The University of North Carolina as residents of North Carolina. ~~Prior to the beginning of this pilot, the Board of Governors shall submit its list of graduate programs selected to be a part of the pilot program to the Joint Legislative Education Oversight Committee.~~

SECTION 31.2.(c) ~~The pilot programs established under this section shall terminate July 1, 2005. However, once~~ Once a student is enrolled in The University of North Carolina system under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program. The Board of Governors shall ~~report the success of~~ provide a report on the Academic Common Market program to the Joint Legislative Education Oversight Committee by ~~December 31, 2003, and by January 31, 2005, and the Committee may recommend changes, if any are appropriate, to the pilot program at either of those times.~~ September 2007, and each biennium thereafter."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

TUITION WAIVER PROGRAM EXPANSION

SECTION 9.25.(a) G.S. 116-143.1 is amended by adding a new subsection to read:

"(m) Notwithstanding subsection (b) of this section, a person who is a full-time employee of The University of North Carolina, or is the spouse or dependent child of a full-time employee of The University of North Carolina, and who is a legal resident of North Carolina, qualifies as a resident for tuition purposes without having maintained that legal residence for at least 12 months immediately prior to his or her classification as a resident for tuition purposes."

SECTION 9.25.(b) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall study the feasibility of a tuition waiver exchange program under which full-time employees of The University of North Carolina would be allowed to take a specified number of courses at a community college without paying tuition, and full-time employees of a community college would be allowed to take a specified number of courses at a constituent institution of The University of North Carolina without paying tuition. The Boards shall report the results of this study to the Joint Legislative Education Oversight Committee by April 1, 2006.

Requested by: Senators Lucas, Swindell, Kerr, Jenkins, Garrou, Dalton, Hagan

BRODY SCHOOL OF MEDICINE AT ECU/MEDICARE RECEIPTS/FAMILY MEDICINE CENTER

SECTION 9.26.(a) [illegible]

"**§ 116-36.6. Brody School of Medicine at East Carolina ~~University School of Medicine;~~ University; Medicare receipts.**

The Brody School of Medicine at East Carolina University ~~School of Medicine~~ shall request, on a regular basis consistent with the State's cash management plan, funds earned by the School from Medicare reimbursements for education costs. Upon receipt, these funds shall be allocated as follows:

(1) The portion of the Medicare reimbursement generated through the effort and expense of the Brody School of Medicine's Medical Faculty Practice Plan shall be transferred to the appropriate Medical Faculty Practice Plan account within the School of Medicine. The Medical Faculty Practice Plan shall assume responsibility for any of these funds that subsequently must be refunded due to final audit settlements.

~~(2) The funds from this source budgeted by the General Assembly as part of the School of Medicine's General Fund budget code shall be credited to that code as a receipt.~~

~~(3) The remainder of the funds shall be transferred to a special fund account on deposit with the State Treasurer. This special fund account shall be used for any necessary repayment of Medicare funds due to final audit settlements for funds allocated under subdivision (2) of this subsection. When the amount of these reimbursement funds has been finalized by audit for each year, those funds remaining in the special fund shall be available for specific capital improvement projects for the East Carolina University School of Medicine. Requests by East Carolina University for use of these funds shall be made to the Board of Governors of The University of North Carolina. Approval of projects by the Board of Governors shall be reported to the Joint Legislative Commission on Governmental Operations, and the reports shall include projected costs and sources of funds for operation of the approved projects.~~

(2a) Funds that were received pursuant to this section prior to July 1, 2005, and that were transferred to a special fund account on deposit with the State Treasurer are appropriated to the Brody School of Medicine at East Carolina University and may be expended by the Brody School of Medicine for the family medicine center and for purposes consistent with its stated mission."

SECTION 9.26.(b) Subsections (b) and (c) of Section 87 of Chapter 321 of the 1993 Session Laws are repealed.

SECTION 9.26.(c) Notwithstanding any other provisions of law, the Board of Governors of The University of North Carolina may authorize the design and construction of a new capital project, a family medicine center, on the Health Sciences Campus of the Brody School of Medicine at East Carolina University, that would replace the existing family medicine facility that has reached capacity. The family medicine center is also used as a clinical teaching site for medical students, and the existing facility is functionally outdated for this purpose. The cost of the facility is

estimated to be thirty million dollars ($30,000,000). The Board of Governors of The University of North Carolina may authorize the financing of the project with funds available to the Brody School of Medicine at East Carolina University from Medicare reimbursements for education costs, gifts, grants, receipts, self-liquidating indebtedness, or other funds, or any combination of these funds, but not including funds appropriated from the General Fund of the State.

SECTION 9.26.(d) Effective July 1, 2005, the Brody School of Medicine Medical Faculty Practice Plan shall no longer be required to reimburse the General Fund for use of outpatient facilities built with General Fund monies; the Brody School of Medicine Medical Faculty Practice Plan shall assume responsibility for payment of all operating costs, including utility costs, currently paid for by the General Fund. This subsection shall remain in effect until changed or repealed by the General Assembly.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SCHOLARSHIP STUDENT

SECTION 9.27.(a) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-143.6. Full scholarship students attending constituent institutions.**

(a) Notwithstanding any other provision of law, any person who receives a full scholarship to a constituent institution and who attends the institution as an undergraduate student shall be considered and treated for all purposes of The University of North Carolina as a resident of North Carolina.

(b) The following definitions apply in this section:

(1) 'Full scholarship' means a grant that meets the full cost for a student to attend the constituent institution for an academic year.

(2) 'Full cost' means an amount calculated by the constituent institution that is no less than the sum of in-State tuition, required fees, on-campus room and board, and required course-related books.

(c) This section shall not be applied in any manner that violates federal law.

(d) No State funds shall be expended to offset any fiscal impact of this section."

SECTION 9.27.(b) This section applies to students who accept admission on or after July 1, 2005, to a constituent institution.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ENHANCE NUTRITION IN UNIVERSITY AND COMMUNITY COLLEGE FOOD PROGRAMS

SECTION 9.28. For nutritional purposes, the Board of Governors of The University of North Carolina and the State Board of Community Colleges shall adopt policies governing any food programs operated by the constituent institutions or local community colleges that prohibit: (i) the use of cooking oils in those food programs that contain trans-fatty acids, or (ii) the sale of processed foods containing trans-fatty acids that were formed during the commercial processing of the foods.

Requested by: Senators Lucas, Swindell, Snow, Garrou, Dalton, Hagan

GRANT-IN-AID/FIRE TRUCK FOR CULLOWHEE VOLUNTEER FIRE DEPT. TO HELP ENSURE ADEQUATE FIRE PROTECTION SERVICES TO WESTERN CAROLINA UNIVERSITY

SECTION 9.29. Of the funds appropriated from the General Fund to the Board of Governors of The University of North Carolina, the sum of seven hundred fifteen thousand dollars ($715,000) for the 2005-2006 fiscal year shall be allocated to Western Carolina University as a grant-in-aid for the Cullowhee Volunteer Fire Department, Inc., to use to purchase a 95-foot platform truck and equipment to ensure adequate fire protection services to Western Carolina University.

Requested by: Senators Shaw, Lucas, Swindell, Garrou, Dalton, Hagan

WAIVE TUITION FOR A PERSON OF A CERTAIN AGE WHO IS OR WAS A WARD OF THE STATE AND WHO ATTENDS CLASSES AT ANY CONSTITUENT INSTITUTION OF THE UNIVERSITY OF NORTH CAROLINA OR ANY COMMUNITY COLLEGE.

SECTION 9.30.(a) G.S. 115B-2 is amended by adding a new subdivision to read:

"(5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, and (iii) is a resident of the State;"

SECTION 9.30.(b) G.S. 115B-5 is amended by adding a new subsection to read:

"(c) The officials of the institutions charged with administration of this Chapter may require proof to verify that a person applying to the institution under G.S. 115B-2(5) is eligible for the benefits provided by this Chapter."

VISITOR REGISTRATION SHEET

APPROPRIATIONS EDUCATION / HIGHER EDUCATION
Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bob Mallo	CTFL
[illegible]	NCICU
Mark Lanier	UNCW
Laura Kramer	Public School Forum / EPFP
Susan Harris	WCPSS
DANA ROBERTS	NCSBA / EPFF
Kathy Shares	Public School Forum / EPFP
Mary Beth Corbin	ECU - NC Teaching Fellows / EPFP
Angela Overton Cagwell	Granville County Schools / EPFP
Michael Hauser	NCAE
Gardner Payne	Edmr Co & WCSS
Betty Jo Wimmer	EPFP
Charlotte Murphy	Sampson County Schools / NCACTE
Rob Nelson	UNC
Jeff Davies	UNC
Brad McMillen	WCPSS / EPFP
Laura Kramer	EPFP
Emma Shaw	PENC
Lynn Simmons	DPI / EPFP
Hal Miller	NCACCT
Bryan Conrad	OSBM
Rob Hines	NCDPI / EPFP
Jack Meyer	DPI / EPFP
Marshall Mateer	New Schools Project
Anna Kohlhagen	NC REAL / EPFP
Carol Fowler	LW Schools
DAVID DUNN	UNC CHARLOTTE GO NINERS!
Sharon Spence	Lee Co. Schools

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mary Doug	VTF
Susan Seymour	NC Community College Biotwork System
Bailus Wells	UTK
Tray O'Quinn	OSBM
Julie Mitchell	"
Al Adams	Rocky Pine
Phil Rocks	GTSH

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

May 11, 2005, 8:30 a.m.

The House Appropriations Subcommittee on Education met today. Members in attendance included Co-Chairs – Representatives Jeffus, Tolson, and Yongue (presiding) as well as Representatives Bell, Cleveland, Fisher, Hilton, Justice, Pate, Parmon, Rapp, and Sauls. Representative Preston was absent but excused due to an injury. The Visitor Registration is attached and made part of these minutes (Attachment 1).

Chairman Yongue called the meeting to order at 8:55 am in Room 544 in the Legislative Office Building to begin review of the Senate Money Report on Public Schools, Community Colleges, and Universities which outlines the Senate appropriation for each department. Representative Douglas Y. Yongue presided over the meeting. Chairman Yongue introduced House pages and Sergeant-at-Arms staff.

Mr. Adam Levinson presented the Public Schools section of the Senate Money Report; please see pages F1 – F6 of the Senate Money Report (Attachment 2). Following the presentation, Chairman Yongue opened the floor to questions.

Questions were raised and addressed.

Representatives Rapp, Pate, Parmon, and Chairman Yongue each voiced their support to fund teacher assistants at the current level. Other items for concern in the Senate budget, mentioned by House committee members, were vocational education funding at the middle and high school levels, various Senate provisions (Attachment 3) such as the Commission for a Sound Basic Education. Mr. Levinson explained that this provision is an attempt by the Senate to address the Leandro ruling. Chairman Yongue informed the committee that the House Co-Chairs - Yongue, Tolson, and Jeffus - proposed to spend $100 million more than that which was proposed by the Senate.

Richard Bostic of the Fiscal Research Division presented the Universities section of the Senate Money Report. Please see pages F7 – F13 of the Senate Money Report (Attachment 2).

Questions were raised and addressed by Mr. Bostic and Mr. Mark Fleming, Associate Vice-President for State Governmental Affairs, University System.

Kristine Leggett of the Fiscal Research Division presented the Community Colleges section of the Senate Money Report, see pages F14 – F17 of the Senate Money Report, (Attachment 2). At the request of the committee, Ms. Leggett explained that items 86, 87, 90 – 100 were not in the Community Colleges expansion budget request.

Questions were raised and addressed.

Chairman Yongue encouraged each committee member to take home the Senate Special Provisions to review prior to the next scheduled May 12, 2005, 8:30 a.m. meeting.

There being no further business, Chairman Yongue adjourned the meeting at 10:00 a.m.

Douglas Y. Yongue

Katie Stanley

House Appropriations Subcommittee on Education
Senate Money Report

May 11, 2005

Public Education

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$6,585,323,929**		**$6,701,093,652**	
Legislative Changes				
A. Updated Projections				
1 Average Daily Membership (ADM) Revise projected increase in ADM for FY 2005-06 to reflect 2,338 more students than originally projected. Dollar amount of adjustment includes increases to all position, dollar, and categorical allotments. Total funded ADM for FY 2005-06 is 1,397,372, an increase of 28,309. Due to upward adjustment in ninth grade ADM, increase receipts from Highway Fund budgeted for Driver's Education by $129,405 in 2005-06 and $255,618 in 2006-07.	$9,402,812	R	$6,660,059	R
2 Budgeted Average Salary Revise budgeted funding for certified personnel salaries based on actual salary data from December 2004. Adjustment does not reduce any salary paid to certified personnel.	($23,642,099)	R	($23,965,417)	R
B. Continuation Budget Adjustments				
3 Central Office Administration Reduce dollar allotment for Central Office Administration by 0.5%. Resulting total allotment in FY 2005-06 is $101,494,560.	($510,023)	R	($510,023)	R
4 Teacher Assistants Reduce dollar allotment for teacher assistants. Resulting total allotment in FY 2005-06 is $337,375,675. Local education agencies (LEAs) are encouraged to use allotted funds to concentrate teacher assistants in grades K-2. LEAs may use funding allotted through the LEA Flexibility Fund (item 18) to offset these reductions.	($57,549,042)	R	($57,549,042)	R
5 School Building Administration Allot assistant principal positions on the basis of one 10-month position per 800 ADM. Resulting total allotment for assistant principals in FY 2005-06 is $80,538,079.	($5,038,433)	R	($5,038,433)	R
6 Textbooks Allot funds for textbooks on the basis of an inflationary increase of 7.3%. Resulting total allotment in 2005-06 is $85,996,465.	($2,389,506)	R	($2,389,506)	R

GOV

GOV

JOINT

JOINT MOD.

* JOINT HAD ($47 m)

JOINT

JOINT

NOT INCLUDED: JOINT HAD → "CLASSROOM TEACHERS: ($10,457,443)"
→ "ACADEMICALLY GIFTED ($1m)" → "INSTRUCTIONAL SUPPORT ($5,050,381)
→ "VOC ED TEACHERS ($13,084,719)" → "CLASSROOM SUPPLIES ($3,898,671)
→ "NON-INSTRUCTIONAL SUPPORT ($4,000,000)

	FY 05-06		FY 06-07	
7 Limited English Proficiency (LEP) JOINT Discontinue base allotment of the dollar equivalent of one teacher assistant per qualifying LEA. Supplemental funds will continue to be allotted based on: (i) qualifying ADM, and (ii) concentration of LEP students. Resulting total allotment in FY 2005-06 is $40,980,218.	($2,674,670)	R	($2,674,670)	
8 School Bus Replacement JOINT Provide funds to meet outstanding lease purchase payment obligations, and $10 million for new lease purchases (approximately 476 new buses). Resulting total allotment in FY 2005-06 is $47,190,642.	($7,915,450)	R	($7,915,450)	R
9 Department of Public Instruction (DPI) JOINT MOD. Reduce funds for the Department of Public Instruction by 2%. * JOINT HAD ($299,333)	($598,666)	R	($598,666)	R
10 ADM Contingency Reserve JOINT Reduce ADM Contingency Reserve. Resulting appropriation is $5,000,000.	($2,000,000)	R	($2,000,000)	R
C. Reductions: Pass-Through Funds				
11 ExplorNet JOINT MOD. Reduce pass-through funding to non-profit program. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development. Remaining recurring appropriation is $150,000. * JOINT HAD ($100,000)	($250,000)	R	($250,000)	R
12 NC Network JOINT. MOD. Reduce pass-through funding to non-profit program by 10%. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development. * JOINT HAD ($70,875)	($28,350)	R	($28,350)	R
13 Partnership for Excellence JOINT MOD. Eliminate pass-through funding to non-profit program. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development. * JOINT HAD ($12,500)	($50,000)	R	($50,000)	R
D. Increased Receipts				
14 Corporate Income Tax GOV, JOINT MOD. Redirect corporate income tax receipts that would otherwise be deposited in the Public School Building Capital & Technology Fund, per rewritten G.S. 115C-546.1(b), to the State Public School Fund to support public school operations. Estimated resulting revenue to Capital & Technology Fund in FY 2005-06 is $25 million. * JOINT HAD ($10 m) R ($2 m) NR	($50,000,000)	NR	($41,100,000)	NR

*NOT INCLUDED: JOINT HAD → SCHOOLS ATTUNED ($130,228)
→ TEACHER CADET ($30,375)
→ SALES TAX REIMBURSED TO LEAS ($33,300,000)

	FY 05-06		FY 06-07	
15 Increase School Building Capital & Technology Fund SENATE In FY 2005-06, transfer $70 million in receipts from the Lottery Fund to the School Building Capital & Technology Fund to support local school capital and technology infrastructure projects.				
E. Expansion: State Public School Fund				
16 Restore Funding and Eliminate Negative Reserve JOINT Restore the recurring negative reserve ("LEA Discretionary Reduction") that exists in the continuation budget.	$44,291,248	R	$44,291,248	R
17 LEA Flexibility Fund SEN. Allot discretionary funds to LEAs on the basis of ADM to enhance LEAs' ability to provide all of their students with the opportunity for high academic achievement. LEAs may use this allotment for any purpose allowable under the State Board of Education's chart of accounts. LEAs are encouraged to fund additional instructional positions, such as teachers and teacher assistants; instructional support, such as nurses, counselors, and social workers; and school building administration, such as assistant principals. LEAs may use these funds to offset reductions appearing elsewhere in this budget document.	$47,300,000	R	$47,300,000	R
18 Disadvantaged Student Supplemental Funding (DSSF) SEN, JOINT MOD. Continue funding at levels allotted in FY 2004-05 for the sixteen pilot LEAs that have previously received DSSF allotments . Allot remaining funds to all other LEAs per the DSSF Allotment Formula developed by the State Board of Education. LEAs are encouraged to use funds to reduce class size and/or hire additional instructional support personnel, such as counselors, social workers, and nurses.	$47,500,000	R	$47,500,000	R
* JOINT HAD $22.5M R				
19 Evaluate Effectiveness of DSSF and Low Wealth Initiatives JOINT Provide funds for evaluation of both (i) the extent to which LEAs use DSSF and Low Wealth supplemental allotments to improve outcomes for students at-risk of school failure, and (ii) the extent to which DPI supports the LEAs in using DSSF and other supplemental allotments efficiently and effectively.	$1,000,000	NR		
* NOT IN JOINT REPORT IN ED SECTION				
20 ABC Bonuses SEN. Fund ABC bonuses for schools that met or exceeded expected growth in the 2004-05 school year.	$100,000,000	NR		
21 Learn and Earn Initiative JOINT Expand the Learn and Earn High School Workforce Development Initiative into an additional five high schools (bringing the total to ten). Provide planning grants to ten additional high schools.	$1,541,695 $450,000	R NR	$1,541,695	R
22 Virtual High School SEN. Provide funds to the State Board of Education for establishment and implementation of a pilot virtual high school during the 2005-2006 school year.	$150,000	R	$150,000	R

* JOINT HAD:
→ SM. SPECIALTY HIGH SCHOOLS $1,186,061
→ BLACK CH. DEVEL. INSTITUTE $10,000 NR
→ HUMANITIES COUNCIL $75,000 NR

	FY 05-06		FY 06-07	
23 Online Professional Development Resource Center for Teachers and Principals				
SEN. Provide funds to the State Board of Education for the establishment of a web portal that catalogues high-quality professional development opportunities for teachers and principals.	$100,000	NR		
F. Expansion: Pass-Through Funds				
JOINT **24 Teaching Fellows Scholarships** Fund 100 additional Teaching Fellows Scholarships.	$650,000	R	$1,300,000	R
25 Communities in Schools	* JOINT HAD ($151,875)			
SEN. Provide additional pass-through funding to non-profit program.	$500,000	NR		
26 A+ Schools	$100,000	R	$100,000	R
JOINT MOD. Provide funding to support non-profit program that assists schools in implementing comprehensive school reform by integrating arts into the curriculum.	* JOINT HAD $100,000 NR			
27 Center for 21st Century Skills	$250,000	R	$250,000	R
SEN. Provide funds to the State Board of Education for establishment of the Center for 21st Century Skills. The State Board will transfer funds to the Office of the Governor for this purpose.				
28 Teacher Working Conditions Survey	$115,000	R	$115,000	R
SEN. Provide funds to the State Board of Education for the administration of the Governor's Teacher Working Conditions Survey.				
29 SAS in Schools	$500,000	R	$500,000	R
SEN. Fund Statewide license for SAS in Schools, an instructional resource that will be made available to all NC teachers on-line through NC WISEOWL.				
30 Regional Education Networks	$100,000	NR		
SEN. Provide funds to the North Carolina Rural Economic Development Center and the e-NC Authority for a feasibility study on developing regional education networks that are centrally managed to provide and sustain broadband connectivity to individual students and teachers in schools, community colleges, and universities. In conducting the study, the Rural Economic Development Center and e-NC Authority shall collaborate with representatives from local school administrative units, The University of North Carolina, the State Board of Education, the State Chief Information Officer, and the Community College System.				
31 Commission for a Sound Basic Education				
SEN. Provide funding to the General Assembly to support the Commission for a Sound Basic Education.	$200,000	NR		

G. Expansion: Department of Public Instruction

32 Receipt Supported Positions

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

SEN. (TIMING)

A. Healthy Schools - Federal HIV and Abstinence Education Funds
3 Education Consultants - $249,056
1 Program Assistant V - $42,648
Consultants will assist schools in providing health education for HIV and other health issues for school-age populations. Program Assistant will provide clerical and program support for the staff.

B. Safe Schools - Federal 21st Century Community Learning Centers and Safe and Drug Free Schools Funds
3 Education Consultants - $249,056
1 Program Assistant IV - $39,558
One Consultant will provide technical assistance to schools and LEAs on middle and high school counseling issues. Two Consultants will provide technical assistance to and monitor the 190 centers providing after school programs to at-risk students. Program Assistant will provide clerical and program support for the staff.

C. Child Nutrition - Federal Child Nutrition Funds
2 School Meals Program Consultants - $133,480
One Consultant will assist local education agencies in ensuring that all compliance requirements for federal child nutrition programs are met. The other Consultant will coordinate the implementation and oversight of US Department of Agriculture's Seamless Summer Food Service program, Summer Milk program, Fruit and Vegetable Program, USDA Best Practice program, and the Healthier US program.

D. LEA Plant Operations - Plant Operation Maintenance Receipts
Facility Electrical Engineer II - $90,755
Engineering Technician II - $49,713
Positions will assist LEA customers with engineering projects which includes designing, installing and assisting with electrical, mechanical, HVAC and plumbing projects.

E. Evaluation and Compliance - Federal Title 1 Funds and Indirect Cost Receipts
Program Assistant V - $42,648
Personnel Analyst II - $66,740
Program Assistant V will provide clerical and program support to the Senior Research Director and the Education Program Administrator for evaluation, research and federal programs. Personnel Analyst II will train agency management and employees with respect to employee relations, the performance management system, and equal employment opportunity policies.

	FY 05-06		FY 06-07	
Total Legislative Changes	$49,154,516	R	$46,738,445	R
	$52,350,000	NR	($41,100,000)	NR
Total Position Changes				
Revised Budget	$6,686,828,445		$6,706,732,097	

UNC System

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	$2,024,322,442		$2,052,608,147	
Legislative Changes				
A. Reductions				
Senate **33 Management Flexibility Reduction for Certain UNC Campuses and Programs** Reduces the budgets for the NC School for the Arts, UNC-CH AHEC, NC School of Science and Math, and the Center for Public Television by .5%.	($452,750)	R	($452,750)	R
Senate **34 Management Flexibility Reduction for UNC Campuses and Programs** Reduces the UNC budget for campuses and other programs by 1%, except for those programs identified for a .5% reduction. This reduction excludes Related Educational Programs (Legislative Tuition Grants, State Contractual Scholarship Program, etc.), the Hunt Institute, and the following K-12 programs : Model Teacher Education Consortium, NC Education Research Council, NC Teach, NC Teacher Academy, Principals Executive Program, Principal Fellows Program, Math and Science Education Network, and the NC Center for the Advancement of Teaching.	($17,486,587)	R	($17,486,587)	R
Joint **35 Inflationary Adjustments and Equipment Replacement** Eliminates the inflationary adjustments and equipment replacement allowed by OSBM in the base budget. Remaining in the budget are adjustments to personal services, aid/grants, reserves, and receipts.	($13,561,121)	R	($15,700,288)	R
Joint **36 Summer School** Eliminates General Fund subsidy of Summer School.	($3,658,515)	R	($3,658,515)	R
Joint **37 Building Reserves - Minimum Hiring Rate** Reduces the starting salary from the midpoint to the minimum of the pay range for positions related to the operation of new buildings opening during the fiscal year.	($1,428,329)	R	($3,005,385)	R
Joint **38 Building Reserves - Completion Dates** Adjusts the estimated completion dates for construction projects for information made available in March 2005. A delay in project completion results in a reduction in the number of months needed to staff and operate the new or renovated buildings.	($2,189,924)	NR		

	FY 05-06		FY 06-07	
39 SREB Contractual Spaces Eliminates funding for 16 vacant contracted spaces in optometry, dentistry and medical schools negotiated through the Southern Regional Educational Board.(7 dental, 7 medicine, and 68 optometry slots are currently filled with NC residents.)	($169,600)	R	($169,600)	
40 Need-Based Financial Aid Continues funding the Need Based Financial Aid program from the Escheats Fund.	($23,975,714)	R	($23,975,714)	R
41 Private Medical School Aid Eliminates $305,788 from the base budget and a $330,212 projected increase for 05-06 based on data from the State Education Assistance Authority. The $1.7 million remaining in the base budget will handle the growth in the number of NC residents attending Wake Forest University and Duke University medical schools.	($636,000)	R	($636,000)	R
42 Medical Scholarships Reduces the base budget by $154,664 and eliminates a $613,635 projected increase because recent data from the State Education Assistance Authority shows that $1.56 million is sufficient to handle growth in the number of NC residents attending medical schools at ECU, UNC, WFU and Duke.	($768,299)	R	($768,299)	R
43 State Contractual Scholarship Program Adjusts the program budget to actual needs. Allows for 2.43% growth in enrollment of NC residents in the state's private colleges and universities and funds the enrollment of 575 NC residents at Johnson and Wales University. Continues the $1,100 per student grant to the colleges.	($545,800)	R	($545,800)	
44 Model Teaching Education Consortium Reduces funding for this program.	($1,000,000)	R	($1,000,000)	R
45 Juvenile Justice Institute Reduces the appropriation to this institute at NCCU from $500,000 to $250,000.	($250,000)	R	($250,000)	R
46 Legislators' Schools for Youth Leadership Development Abolishes the summer youth programs based at ECU and WCU.	($498,975)	R	($498,975)	R
	-5.00		-5.00	
47 Non-credit and Receipt Supported Instruction Eliminates General Fund subsidy of non-credit and receipt supported instruction on all campuses.	($684,532)	R	($684,532)	R

NOT SHOWN → Joint Had:
Distinguished Professor Endowment Fund (2mil)
Center For Alcohol Studies ($250,000 NR)

	FY 05-06		FY 06-07	
B. Expansion				
Gov/ Joint modified **48 Enrollment Growth for UNC Campuses** Funds the following enrollment growth in student FTE: 3,703.2 undergraduate and 283.5 graduate regular term students and 1,518.2 undergraduate and 1,416.9 graduate distance education students. The 6,921.8 added students is a 3.65% increase over the Fall 2004 enrollment of 189,615.	$72,753,678 534.70	R	$72,753,678 534.70	R
Gov/ Senate **49 Enrollment Growth for NC School of Science and Math** Increases the enrollment at the NC School of Science and Math by 10 students.	$200,000 3.00	R	$200,000 3.00	R
Senate **50 UNCW / ASU Equity Funding** Increases appropriations to UNCW and ASU so that the appropriation per FTE (full time equivalent) student is 1 standard deviation from the mean for all UNC System campuses. The current appropriation per FTE student is $8,545 for the UNC System, while the approp./FTE for UNCW is $6,339 (-1.46 STD) and for ASU is $6,933 (-1.07 STD).	$8,398,101	R	$8,398,101	R
Senate **51 UNCC Transition to Doctoral / Research Intensive Status** Provides funding for additional faculty, library resources, and technology infrastructure needed to implement approved doctoral programs. UNCC achieved Doctoral/Research Intensive status in 2000, but has not received the operating funds commensurate with this elevated academic status.	$5,000,000	R	$10,000,000	R
Gov/ Joint modified **52 Legislative Tuition Grants for Private College Students** Funds a 2.43% increase in enrollment growth in NC residents attending private colleges and universities in the state (to 32,570). Accommodates the enrollment at Johnson & Wales University and students no longer funded by Fort Bragg. Continues the LTG rate at $1,800 per student.	$1,395,488	R	$1,395,488	R
Gov/ Joint modified **53 Need-Based Financial Aid** Funds the expansion in the Need-based scholarship program from the Escheats Fund. $8,674,000 is needed due to enrollment growth and $3,200,000 is needed due to the student loss of Pell Grant funds from a formula change. The Escheats Fund will also continue to pay $1.1 million for the Health Science and Math Loan Program.				
Joint **54 Millennium Teacher Scholarship Loan Program** Funds $390,000 for the second class of 60 teaching scholars at ECSU, FSU, and WSSU. This was inadvertently left out of the base budget. This program is funded from the Escheats Fund.				
Gov/ Joint modified **55 UNC-NCCCS 2+2 E-Learning Initiative** Provides funding for developing 2+2 distance education programs, for professional development for 2+2 faculty, for technology development and purchases, and for tracking students' progress between NCCCS and UNC. The Community College budget includes an additional $1 million to support the community college side of this initiative.	$1,000,000	NR		

	FY 05-06		FY 06-07	
56 UNC-NCCCS Joint Initiative for Teacher Education and Recruitment Creates 8 UNC positions to be based in the Regional Alternative Licensure Centers to support the expansion of the 2+2 Partnership Programs between UNC and NCCCS constituent institutions, to offer admissions advice to community college students seeking to transfer to a four year teacher education program, to work with prospective teachers to resolve curriculum issues between UNC and community colleges, and to recruit prospective teachers on community college campuses.	$640,000 8.00	R	$640,000 8.00	
57 CFNC Teacher Recruitment and Marketing Online Module Funds a teacher recruitment module on the College Foundation of North Carolina (CFNC) website. The module would provide future teachers with a single source for information concerning education and licensing requirements; grants, scholarships, and loans; and on-line applications for admissions and financial aid.	$25,000	R	$25,000	R
58 Biotechnology Initiatives Appropriates $2 million to the Biomanufacturing Research Institute and Technology Enterprise (BRITE) at North Carolina Central University and $2.94 million to the Biomanufacturing Training and Education Center (BTEC) at North Carolina State University. Part of the funds are for scientific equipment and supplies needed for startup that were not funded by the construction grant from the Golden LEAF foundation. Funds will also be used to begin hiring administrative and research personnel.	$4,941,079	R	$4,941,079	R
59 UNC TV Closed Captioning Enables the UNC Center for Public Television to meet a Federal Communication Commission mandate to provide closed captioning on 100% of its content by January 1, 2006.UNC TV must comply with the FCC requirements in order to retain its broadcast license.	$483,978	R	$483,978	R
60 William and Ida Friday Institute for Educational Innovation Provides a reserve for staff, operations, and maintenance costs of the new facility constructed on North Carolina State's Centennial Campus adjacent to Wake County's Centennial Campus Middle School.	$2,500,000	R	$2,500,000	R
61 Teacher Scholarship for Math and Science Creates the Future Teachers of North Carolina Scholarship Fund. This fund will award 100 scholarship loans each year to juniors and seniors in North Carolina public and private colleges that agree to become certified to teach math, science, special education, or English as a Second Language in North Carolina public schools. The loan is $6,500 per year and is not repaid if the recipient teaches for three years in the state.	$650,000	R	$1,300,000	R

	FY 05-06		FY 06-07	
62 NC School of Science and Math University Tuition Funds the continued costs of the UNC tuition grant to graduates of the School of Science and Math that began in FY 2004-05. The base budget inadvertently left out funding for future graduates.	$585,565	R	$1,523,183	R
63 North Carolina in the World Project Makes a grant to the Center for International Understanding for the project "North Carolina in the World: A Plan to Increase Student Knowledge and Skills about the World".	$200,000	NR		
64 Manufacturing Extension Partnership Increases state funding to this program within the Industrial Extension Service that assists small manufacturers to become more globally competitive.	$150,000	NR		
65 NC A & T State University Matching Funds Increases the campus match of federal funds from 80% to 90% for agricultural research and extension programs as mandated by the Agricultural Research, Extension, and Education Reform Act of 1998. The funds are appropriated to the School of Agriculture and Environmental Science.	$1,089,000	R	$1,089,000	R
66 North Carolina Space Grant Consortium Provides funds to expand the program beyond the current participating universities. The program attempts to attract students to science and engineering degrees by providing undergraduate scholarships, graduate fellowships, research seed grants, and community outreach.	$200,000	R	$200,000	R
67 Focused Growth Campus Funds Provides additional funds to be evenly divided among the seven focused growth institutions (ECSU, FSU, NCA&T, NCCU, UNC-P, WCU, WSSU).	$2,500,000	R	$2,500,000	R
68 Initiatives to Close the Achievement Gap Appropriates funds to the Board of Governors to continue to support the operations and work of the North Carolina Historically Minority Colleges and Universities Consortium. The Consortium will determine the best practices and methodologies for closing the achievement gap among children of various demographic groups who are performing below grade level.	$300,000	R	$300,000	R
69 Center for Craft, Creativity and Design Provides operating funds for this center located on UNC-A's Kellogg Center property in Henderson County. A private foundation has made a proposal to establish a permanent endowment to fund graduate scholarships contingent upon the Center obtaining state operating funds.	$200,000 2.50	R	$200,000 2.50	R

	FY 05-06		FY 06-07	
70 North Carolina Center on the Advancement of Teaching Increases NCCAT's capacity to provide National Board for Professional Teaching Standards candidate preparation seminars for the 1,200 teachers now on the waiting list. Provides operating funds for new Ocracoke campus that will increase NCCAT's service to teachers by 40% and make its professional development services more accessible to Eastern North Carolina.	$3,046,018 26.50	R	$3,014,018 26.50	
Senate				
71 ECU Brody School of Medicine - Medicare Receipts Repeals $1 million Medicare reimbursement to General Fund for cost of training physicians (faculty salaries and benefits). Deletion of the receipt in code 16066-0697 results in an increase in the ECU Health Affairs budget.Repeals the reimbursement of operating costs for outpatient facilities ($700,000) and appropriates funds to hold harmless the ECU Health Affairs budget	$1,700,000	R	$1,700,000	R
Senate				
72 Judicial College Establishes a Judicial College within the UNC-Chapel Hill School of Government to provide training and continuing education for the state's 400 judges.	$250,000	R	$250,000	R
Gov/ Senate				
73 Renaissance Computing Institute Provides funds for the establishment of the Renaissance Computing Institute at UNC-Chapel Hill.	$5,900,000	R	$11,800,000	R
Senate				
74 Western Carolina University Fire Protection Provides funds to UNC Board of Governors for a grant-in-aid to the Cullowhee Volunteer Fire Department to purchase a 95 foot platform truck and equipment needed to provide fire protection services to high-rise facilities on the Western Carolina University campus.	$715,000	NR		
Senate				
75 Hunt Institute Funds operating expenses for the James B. Hunt, Jr Institute for Educational Leadership and Policy in Chapel Hill.The Institute's mission is to "engage governors and other leaders in strategic efforts to advance and sustain state-level education reform".	$1,000,000	R	$1,000,000	R
Senate				
76 Program on Southern Politics, Media and Public Life Provides operating support to this policy research program at UNC-Chapel Hill. This research group will provide the General Assembly with reports on demographic, social, economic, and environmental trends.	$285,000	R	$285,000	R
Senate				
C. Reserve Funds				
77 Strategic Initiatives Reserve Reduces this reserve fund from $4 million to $3.3 million.	($700,000)	R	($700,000)	R
Senate				

	FY 05-06		FY 06-07	
Total Legislative Changes	**$48,226,685**	**R**	**$56,966,080**	**R**
	($124,924)	**NR**		
Total Position Changes	569.70		569.70	
Revised Budget	**$2,072,424,203**		**$2,109,574,227**	

Community Colleges

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$756,320,880**		**$753,585,522**	
Legislative Changes				
A. Categorical and Miscellaneous Programs				
Joint **78 Community Service Block Grant** Reduces the Community Service Block Grant by 10% (from $1,185,114) to $1,066,603).	($118,511)	R	($118,511)	R
79 Compensatory Education Joint Reduces the appropriation for Compensatory Education by 10% (from $1,097,364 to $987,628). Colleges earn FTE for students enrolled in the Compensatory Education program.	($109,736)	R	($109,736)	R
80 Off-Campus Center Funding Joint Eliminates the subsidy for off-campus center funding.	($1,400,000)	R	($1,400,000)	R
81 NC Center for Applied Textile Technology Joint Reduces the appropriation for the NC Center for Applied Textile Technology based on administrative savings from the merger with Gaston College.	($475,000)	R	($475,000)	
82 Hosiery Technology Center Joint Increases the Hosiery Technology Center's budget to $600,000, replacing funds lost from the Worker Training Trust Fund. These funds are being transferred from the NC Center for Applied Textile Technology (see item above).	$475,000	R	$475,000	R
83 Customized Industry Training Joint Provides funding for a new workforce development program in the community college system that will allow colleges to serve companies that need training in order to stay competitive. The new program will complement training available to industry through Focused Industrial Training and New and Expanding Industry Training.	$2,000,000	R	$2,000,000	R
84 Small Business Centers Joint Provides additional funding for the small business centers located at each community college.	$1,000,000	R	$1,000,000	R
85 UNC-NCCCS 2+2 E-Learning Initiative Gov Provides funding to support the development of 2+2 distance education programs, professional development for 2+2 faculty, technology development and purchases, and to track students' progress between NCCCS and UNC. The university budget includes an additional $1 million to support the university side of this initiative.	$1,000,000	R	$1,000,000	R

	FY 05-06		FY 06-07	
86 Community College Innovative Learning Fund Provides funding for innovative learning projects to assist colleges in meeting the needs of the changing economy. Funds will be distributed on a case by case basis as determined by the President of the Community College System and the State Board of Community Colleges. Priority will be given to projects that directly impact teacher education, allied health, economic development, or public safety. These funds may be used for planning, equipment, or technology for innovative learning centers.	$10,000,000	NR		
87 Isothermal Lifelong Learning Center Provides matching funds to Isothermal Community College for the Lifelong Learning Center. Funds may be used for construction of the facility or to equip the facility.	$2,000,000	NR		
88 Equipment Provides additional non-recurring funding for community college equipment. Of these funds, up to $500,000 may be used for the design of a replacement boat for the Marine Technology Program at Cape Fear Community College.	$10,000,000	NR		
89 NCCCS BioNetwork Provides funding for the NCCCS BioNetwork.	$7,101,864	R	$7,101,864	R
90 Advanced Manufacturing Center Provides funding for the construction of the Bosch & Siemens Advanced Manufacturing Center at Craven Community College.	$3,700,000	NR		
91 Forsyth Tech Center for Emerging Technologies Provides funds for the construction of the Center for Emerging Technologies at Forsyth Technical Community College. The Center will house the biotechnology, nanotechnology, design, and advance information technology programs, the Small Business Center, and Corporate Training Services.	$5,000,000	NR		
92 Southeastern Community College Facility Funds Provides funds to establish, acquire, and/or renovate facilities for biotechnology and other programs at Southeastern Community College.	$3,000,000	NR		
93 Defense Technology Innovation Center Provides funds to the NC Electronics and Information Technologies Association (NCEITA) for the development of the Defense Technology Innovation Center, a business incubator focusing on economic development opportunities in the industries relating to homeland security and national defense.	$2,000,000	NR		
94 Robeson Community College Workforce Development Center Provides funds to Robeson Community College for the construction of the Workforce Development Center. Funds may also be used for the establishment of a training facility to provide training on the construction and use of structural insulated panels (SIPs).	$1,350,000	NR		

	FY 05-06		FY 06-07	
95 Lenoir Community College Simulated Cell Area				
S Provides funds to Lenoir Community College for the fabrication of a simulated cell for use in training prison personnel in Greene County and the surrounding areas.	$250,000	NR		
96 Bladen Community College Funds				
S Provides funding for Bladen Community College for equipment and planning. These funds may also be used to supplement maintenance of plant costs once all local funding for this purpose has been expended.	$205,000	NR		
97 Cleveland Community College Allied Health & Science Building				
S Provides funds for equipment and supplies for the Allied Health and Science Building at Cleveland Community College.	$200,000	NR		
98 Gaston College Allied Health Center				
S Provides matching funds to Gaston College for construction and equipment for the Gaston College Allied Health Center.	$4,000,000	NR		
99 COA Chowan Campus Funds				
S Provides funds to continue construction of Phase I of the Chowan campus expansion. These funds may be used for construction or equipment on the Chowan campus.	$1,000,000	NR		
100 Surry CC Viticulture Center				
S Provides funding for the expansion of the Viticulture Center at Surry Community College. These funds may be used for construction or equipment.	$500,000	NR		
B. Administrative and Instructional Formulae				
101 Curriculum Instructional Formula	($7,608,407)	R	($7,608,407)	R
J Authorizes the State Board of Community Colleges to modify the curriculum instructional formula by adjusting the unit value.				
C. System Office				
102 System Office Personnel	$150,000	R	$150,000	R
J Provides additional funding for two accounting specialists in the Division of Business and Finance, and an administrative assistant in the Executive Division.				
103 Receipt Supported Positions				
Allows for the creation of the following receipt supported positions in the Community College System Office:				
S A. Career Readiness Certification - Workforce Investment Act Funds through the Division of Employment & Training in the Department of Commerce 1 Education Consultant II - $80,155.40 This position will provide leadership and policy direction to the new Career Readiness Certification System that will be implemented by NCCCS, the local colleges, and the JobLink Career Centers across the State.				

	FY 05-06		FY 06-07	
D. Enrollment, Tuition, and Financial Aid				
104 Enrollment Fully funds the community college enrollment increase. Enrollment increased by 2,449 FTE in FY 04-05, from 188,610 FTE to 191,059, a 1.30% increase.	$7,802,343	R	$7,802,343	R
105 Need Based Financial Aid Funds the Need Based Financial Aid program from the Escheats Fund. An additional $3,000,000 will be appropriated from the Escheats fund - $2 million to offset the change in Pell Grant eligibility, and $1 million to offset an increase in tuition. The total amount available for Need Based Financial Aid will be $13,981,202.	($10,981,202)	R	($10,981,202)	R
106 Tuition Increases community college tuition by 4%, from $38 per credit hour to $39.50. Full-time students will pay $632 per semester or $1,264 per year.	($5,577,516)	R	($5,577,516)	R
E. Faculty Salaries				
107 Increase Faculty and Professional Staff Salaries Funds are included in the Salary Reserve Section of this budget to provide an additional 2% increase to faculty and professional staff in the community colleges. These funds are in addition to funds provided for State Employee increases.				
Total Legislative Changes	($6,741,165) $43,205,000	R NR	($6,741,165)	R
Total Position Changes				
Revised Budget	$792,784,715		$746,844,357	

Joint - reduction to public radio ($229,461)

House Appropriations Subcommittee on Education
Senate Provisions

May 11, 2005

PART VII. PUBLIC SCHOOLS

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective for the 2005-2006 school year and for the 2006-2007 school year, the Director of the Budget shall transfer from the Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools funds necessary to implement the teacher salary schedules set out in subsection (b) of this section and for longevity in accordance with subsection (d) of this section, including funds for the employer's retirement and social security contributions 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.

SECTION 7.1.(b) The following monthly salary schedules shall apply for the 2005-2006 and the 2006-2007 fiscal years 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.

2005-2006 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	$2,545	N/A
1	$2,587	N/A
2	$2,631	N/A
3	$2,786	$3,120
4	$2,926	$3,278
5	$3,059	$3,427
6	$3,189	$3,571
7	$3,292	$3,687
8	$3,340	$3,740
9	$3,389	$3,795
10	$3,439	$3,851
11	$3,488	$3,906
12	$3,539	$3,963
13	$3,589	$4,019
14	$3,642	$4,079
15	$3,696	$4,140
16	$3,751	$4,202
17	$3,806	$4,263
18	$3,864	$4,328
19	$3,922	$4,393

20	$3,980	$4,458
21	$4,042	$4,528
22	$4,104	$4,596
23	$4,169	$4,669
24	$4,233	$4,740
25	$4,298	$4,813
26	$4,364	$4,887
27	$4,432	$4,963
28	$4,502	$5,043
29	$4,573	$5,122

2005-2006 Monthly Salary Schedule
"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,800	N/A
1	$2,846	N/A
2	$2,894	N/A
3	$3,063	$3,431
4	$3,219	$3,605
5	$3,366	$3,769
6	$3,507	$3,927
7	$3,621	$4,055
8	$3,673	$4,114
9	$3,727	$4,175
10	$3,782	$4,236
11	$3,837	$4,298
12	$3,892	$4,360
13	$3,947	$4,421
14	$4,006	$4,487
15	$4,065	$4,553
16	$4,126	$4,621
17	$4,188	$4,690
18	$4,250	$4,759
19	$4,315	$4,832
20	$4,379	$4,904
21	$4,447	$4,980
22	$4,514	$5,056
23	$4,585	$5,136
24	$4,656	$5,215

25	$4,726	$5,288
26	$4,795	$5,376
27	$4,875	$5,460
28	$4,952	$5,547
29	$5,031	$5,634

2006-2007 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	$2,574	N/A
1	$2,617	N/A
2	$2,661	N/A
3	$2,818	$3,156
4	$2,960	$3,315
5	$3,095	$3,466
6	$3,225	$3,612
7	$3,329	$3,729
8	$3,378	$3,783
9	$3,428	$3,839
10	$3,478	$3,896
11	$3,528	$3,951
12	$3,580	$4,009
13	$3,630	$4,066
14	$3,684	$4,126
15	$3,739	$4,187
16	$3,794	$4,250
17	$3,850	$4,312
18	$3,909	$4,378
19	$3,967	$4,443
20	$4,026	$4,509
21	$4,089	$4,580
22	$4,151	$4,649
23	$4,217	$4,723
24	$4,281	$4,795
25	$4,347	$4,869
26	$4,414	$4,944
27	$4,483	$5,021
28	$4,554	$5,101
29	$4,626	$5,181

2006-2007 Monthly Salary Schedule
"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,832	N/A
1	$2,879	N/A
2	$2,927	N/A
3	$3,099	$3,470
4	$3,256	$3,646
5	$3,404	$3,812
6	$3,547	$3,972
7	$3,663	$4,102
8	$3,715	$4,161
9	$3,770	$4,223
10	$3,826	$4,284
11	$3,881	$4,347
12	$3,937	$4,410
13	$3,993	$4,472
14	$4,052	$4,539
15	$4,112	$4,605
16	$4,173	$4,674
17	$4,236	$4,744
18	$4,299	$4,814
19	$4,364	$4,888
20	$4,429	$4,961
21	$4,498	$5,038
22	$4,566	$5,114
23	$4,638	$5,195
24	$4,710	$5,275
25	$4,781	$5,355
26	$4,855	$5,438
27	$4,931	$5,523
28	$5,009	$5,611
29	$5,088	$5,699

SECTION 7.1.(c) Annual longevity payments for teachers shall be at the rate of 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. The longevity payment shall be paid in a lump sum once a year.

SECTION 7.1.(d) Certified public schoolteachers 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 schoolteachers 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 7.1.(e) 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 7.1.(f) 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.

SECTION 7.1.(g) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 7.1.(h) As used in this section, the term "teacher" shall also include instructional support personnel.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2.(a) Effective for the 2005-2006 school year and for the 2006-2007 school year, the Director of the Budget shall transfer from the Reserve for Compensation Increases funds necessary to implement the salary schedules for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 7.2.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2005-2006 fiscal year, commencing July 1, 2005, is as follows:

2005-2006
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	$3,256		-	-	-
5	$3,404	-	-	-	-
6	$3,547	-	-	-	-
7	$3,662	-	-	-	-
8	$3,715	$3,715	-	-	-
9	$3,769	$3,769	-	-	-
10	$3,825	$3,825	$3,880	-	-
11	$3,880	$3,880	$3,936	-	-
12	$3,936	$3,936	$3,993	$4,052	-
13	$3,993	$3,993	$4,052	$4,111	$4,173
14	$4,052	$4,052	$4,111	$4,173	$4,235
15	$4,111	$4,111	$4,173	$4,235	$4,298
16	$4,173	$4,173	$4,235	$4,298	$4,363
17	$4,235	$4,235	$4,298	$4,363	$4,428
18	$4,298	$4,298	$4,363	$4,428	$4,497
19	$4,363	$4,363	$4,428	$4,497	$4,565
20	$4,428	$4,428	$4,497	$4,565	$4,638
21	$4,497	$4,497	$4,565	$4,638	$4,708
22	$4,565	$4,565	$4,638	$4,708	$4,780
23	$4,638	$4,638	$4,708	$4,780	$4,855
24	$4,708	$4,708	$4,780	$4,855	$4,931
25	$4,780	$4,780	$4,855	$4,931	$5,008
26	$4,855	$4,855	$4,931	$5,008	$5,088
27	$4,931	$4,931	$5,008	$5,088	$5,189
28	$5,008	$5,008	$5,088	$5,189	$5,294
29	$5,088	$5,088	$5,189	$5,294	$5,400

30	$5,189	$5,189	$5,294	$5,400	$5,508
31	$5,294	$5,294	$5,400	$5,508	$5,617
32	-	$5,400	$5,508	$5,617	$5,730
33	-	-	$5,617	$5,730	$5,845
34	-	-	$5,730	$5,845	$5,962
35	-	-	-	$5,962	$6,081
36	-	-	-	$6,081	$6,203
37	-	-	-	-	$6,327

2005-2006

Principal and Assistant Principal Salary Schedules

Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
14	$4,298	-	-	-
15	$4,363	-	-	-
16	$4,428	$4,497	-	-
17	$4,497	$4,565	$4,708	-
18	$4,565	$4,638	$4,780	$4,855
19	$4,638	$4,708	$4,855	$4,931
20	$4,708	$4,780	$4,931	$5,008
21	$4,780	$4,855	$5,008	$5,088
22	$4,855	$4,931	$5,088	$5,189
23	$4,931	$5,008	$5,189	$5,294
24	$5,008	$5,088	$5,294	$5,400
25	$5,088	$5,189	$5,400	$5,508
26	$5,189	$5,294	$5,508	$5,617
27	$5,294	$5,400	$5,617	$5,730
28	$5,400	$5,508	$5,730	$5,845
29	$5,508	$5,617	$5,845	$5,962
30	$5,617	$5,730	$5,962	$6,081
31	$5,730	$5,845	$6,081	$6,203
32	$5,845	$5,962	$6,203	$6,327
33	$5,962	$6,081	$6,327	$6,453
34	$6,081	$6,203	$6,453	$6,583
35	$6,203	$6,327	$6,583	$6,714
36	$6,327	$6,453	$6,714	$6,847
37	$6,453	$6,583	$6,847	$6,985
38	$6,583	$6,714	$6,985	$7,124
39	-	$6,847	$7,124	$7,266
40	-	$6,985	$7,266	$7,412

41	-	-	$7,412	$7,560	

SECTION 7.2.(c) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2006-2007 fiscal year, commencing July 1, 2006, is as follows:

2006-2007
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	$3,297	-	-	-	-
5	$3,448	-	-	-	-
6	$3,593	-	-	-	-
7	$3,709	-	-	-	-
8	$3,762	$3,762	-	-	-
9	$3,817	$3,817	-	-	-
10	$3,874	$3,874	$3,930	-	-
11	$3,930	$3,930	$3,987	-	-
12	$3,987	$3,987	$4,044	$4,104	-
13	$4,044	$4,044	$4,104	$4,163	$4,226
14	$4,104	$4,104	$4,163	$4,226	$4,289
15	$4,163	$4,163	$4,226	$4,289	$4,353
16	$4,226	$4,226	$4,289	$4,353	$4,419
17	$4,289	$4,289	$4,353	$4,419	$4,484
18	$4,353	$4,353	$4,419	$4,484	$4,554
19	$4,419	$4,419	$4,484	$4,554	$4,623
20	$4,484	$4,484	$4,554	$4,623	$4,697
21	$4,554	$4,554	$4,623	$4,697	$4,769
22	$4,623	$4,623	$4,697	$4,769	$4,842
23	$4,697	$4,697	$4,769	$4,842	$4,917
24	$4,769	$4,769	$4,842	$4,917	$4,994
25	$4,842	$4,842	$4,917	$4,994	$5,072
26	$4,917	$4,917	$4,994	$5,072	$5,153
27	$4,994	$4,994	$5,072	$5,153	$5,256
28	$5,072	$5,072	$5,153	$5,256	$5,361
29	$5,153	$5,153	$5,256	$5,361	$5,469
30	$5,256	$5,256	$5,361	$5,469	$5,579
31	$5,361	$5,361	$5,469	$5,579	$5,689
32	-	$5,469	$5,579	$5,689	$5,803

33	-	-	$5,689	$5,803	$5,920
34	-	-	$5,803	$5,920	$6,039
35	-	-	-	$6,039	$6,158
36	-	-	-	$6,158	$6,282
37	-	-	-	-	$6,408

2006-2007
Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
14	$4,353	-	-	-
15	$4,419	-	-	-
16	$4,484	$4,554	-	-
17	$4,554	$4,623	$4,769	-
18	$4,623	$4,697	$4,842	$4,917
19	$4,697	$4,769	$4,917	$4,994
20	$4,769	$4,842	$4,994	$5,072
21	$4,842	$4,917	$5,072	$5,153
22	$4,917	$4,994	$5,153	$5,256
23	$4,994	$5,072	$5,256	$5,361
24	$5,072	$5,153	$5,361	$5,469
25	$5,153	$5,256	$5,469	$5,579
26	$5,256	$5,361	$5,579	$5,689
27	$5,361	$5,469	$5,689	$5,803
28	$5,469	$5,579	$5,803	$5,920
29	$5,579	$5,689	$5,920	$6,039
30	$5,689	$5,803	$6,039	$6,158
31	$5,803	$5,920	$6,158	$6,282
32	$5,920	$6,039	$6,282	$6,408
33	$6,039	$6,158	$6,408	$6,536
34	$6,158	$6,282	$6,536	$6,667
35	$6,282	$6,408	$6,667	$6,800
36	$6,408	$6,536	$6,800	$6,935
37	$6,536	$6,667	$6,935	$7,074
38	$6,667	$6,800	$7,074	$7,215
39		$6,935	$7,215	$7,359
40		$7,074	$7,359	$7,507

SECTION 7.2.(d) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative

schools and in cooperative innovative high 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 and in cooperative innovative high school programs 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 7.2.(e) 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 7.2.(f) 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 7.2.(g) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 7.2.(h) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number

of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

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

SECTION 7.2.(i) Participants in an approved full-time masters in school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. For the 2005-2006 fiscal year and subsequent fiscal years, the 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. The Principal Fellows Program or the school of education where the intern participates in a full-time masters in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7.2.(j) During the 2005-2006 fiscal year and the 2006-2007 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

CENTRAL OFFICE SALARIES

SECTION 7.3.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2005-2006 fiscal year, beginning July 1, 2005.

School Administrator I	$2,932	$5,506
School Administrator II	$3,112	$5,840
School Administrator III	$3,303	$6,195
School Administrator IV	$3,436	$6,442
School Administrator V	$3,574	$6,702
School Administrator VI	$3,792	$7,108
School Administrator VII	$3,945	$7,394

The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2006-2007 fiscal year, beginning July 1, 2006.

School Administrator I	$2,932	$5,671
School Administrator II	$3,112	$6,015
School Administrator III	$3,303	$6,380
School Administrator IV	$3,436	$6,636
School Administrator V	$3,574	$6,903

School Administrator VI	$3,792	$7,322
School Administrator VII	$3,945	$7,616

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.

SECTION 7.3.(b) The monthly salary ranges that follow apply to public school superintendents for the 2005-2006 fiscal year, beginning July 1, 2005.

Superintendent I	$4,187	$7,844
Superintendent II	$4,445	$8,318
Superintendent III	$4,716	$8,825
Superintendent IV	$5,005	$9,360
Superintendent V	$5,312	$9,931

The monthly salary ranges that follow apply to public school superintendents for the 2006-2007 fiscal year, beginning July 1, 2006.

Superintendent I	$4,187	$8,080
Superintendent II	$4,445	$8,568
Superintendent III	$4,716	$9,090
Superintendent IV	$5,005	$9,641
Superintendent V	$5,312	$10,229

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.

SECTION 7.3.(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.

SECTION 7.3.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers 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 pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers 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 under this section.

SECTION 7.3.(e) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 7.3.(f) The annual salary increase for all permanent full-time personnel paid from the Central Office Allotment who work a nine-, 10-, 11-, or

12-month work year schedule shall be the greater of five hundred dollars ($500.00) or two percent (2%), commencing July 1, 2005. The annual salary increase for all permanent full-time personnel paid from the Central Office Allotment who work a nine-, 10-, 11-, or 12-month work year schedule shall be the three percent (3%), commencing July 1, 2006. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing salary increases to these personnel.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

NONCERTIFIED PERSONNEL SALARY

SECTION 7.4.(a) The annual salary increase for permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be the greater of five hundred dollars ($500.00) or two percent (2%), commencing July 1, 2005.

The annual salary increase for permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be three percent (3%), commencing July 1, 2006.

SECTION 7.4.(b) Local boards of education shall increase the rates of pay for such employees who were employed for all or part of fiscal year 2004-2005 and who continue their employment for fiscal year 2005-2006 by providing an annual salary increase for employees of the greater of five hundred dollars ($500.00) or two percent (2%).

Local boards of education shall increase the rates of pay for such employees who were employed for all or part of fiscal year 2005-2006 and who continue their employment for fiscal year 2006-2007 by providing an annual salary increase for employees of three percent (3%).

For part-time employees, the pay increase shall be pro rata based on the number of hours worked.

SECTION 7.4.(c) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of the greater of five hundred dollars ($500.00) or two percent (2%) for the 2005-2006 fiscal year.

The State Board of Education may adopt salary ranges for noncertified personnel to support increases of three percent (3%) for the 2006-2007 fiscal year.

SECTION 7.4.(d) For the 2005-2006 fiscal year, permanent full-time employees who work a nine-, 10-, or 11-month work year schedule shall receive the five hundred dollars ($500.00) or the two percent (2%) annual increase provided by this act, whichever is greater.

For the 2006-2007 fiscal year, permanent full-time employees who work a nine-, 10-, or 11-month work year schedule shall receive the three percent (3%) annual increase provided by this act.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Effective July 1, 2005, any permanent certified personnel employed on July 1, 2003, and paid on the teacher salary schedule with 29+ years of experience shall receive a one-time bonus equivalent to the average increase of the 26 to 29 year steps. Effective July 1, 2005, any permanent personnel employed on July 1, 2004, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%).

Effective July 1, 2006, any permanent certified personnel employed on July 1, 2003, and paid on the teacher salary schedule with 29+ years of experience shall receive a one-time bonus equivalent to the average increase of the 26 to 29 year steps. Effective July 1, 2006, any permanent personnel employed on July 1, 2005, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%).

For permanent part-time personnel, the one-time bonus shall be adjusted pro rata. Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.6.(a) Funds for Supplemental Funding. – The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement. Therefore, funds are appropriated to State Aid to Local School Administrative Units for the 2005-2006 fiscal year and the 2006-2007 fiscal year to be used for supplemental funds for the schools.

SECTION 7.6.(b) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only: (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks; (ii) for salary supplements for instructional personnel and instructional support personnel; and (iii) to pay an amount not to exceed ten thousand dollars ($10,000) of the plant operation contract cost charged by the Department of Public Instruction for services.

Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and

its schools, such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

SECTION 7.6.(c) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:
   a. Anticipated county property tax revenue availability,
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
   c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521, and
   d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
   c. Add to the resulting amount the:
      1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
      2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
      3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:

a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,

b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,

c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,

d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(10a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(12) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(14) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(14a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.6.(d) Eligibility for Funds. – Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.6.(e) Allocation of Funds. – Except as provided in subsection (g) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units.

If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 7.6.(f) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.6.(g) Minimum Effort Required. – Counties that had effective tax rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received

pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only.

This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.6.(h) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2005-2007 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

SECTION 7.6.(i) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2006, if it determines that counties have supplanted funds.

SECTION 7.6.(j) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.7.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program enhancement teachers adequate to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least seven hundred forty thousand seventy-four dollars ($740,074), excluding textbooks for the 2005-2006 fiscal year and a base of seven hundred forty thousand seventy-four dollars ($740,074) for the 2006-2007 fiscal year.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 7.7.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2005-2007 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a

finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

SECTION 7.7.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be phased out over a two-year period. For the first year of ineligibility, the unit shall receive the same amount it received for the prior fiscal year. For the second year of ineligibility, it shall receive one-half of that amount.

If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the population of the county in which the local school administrative unit is located, funding for that unit shall be continued for five years after the unit becomes ineligible.

SECTION 7.7.(d) Definitions. – As used in this section:

(1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(2a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(3) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(4) "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(4a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.7.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2006, if it determines that counties have supplanted funds.

SECTION 7.7.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING

SECTION 7.8.(a) Funds are appropriated in this act to address the capacity needs of local school administrative units to meet the needs of disadvantaged students. Each local school administrative unit shall use funds allocated to it for disadvantaged student supplemental funding to implement a plan jointly developed by the unit and the LEA Assistance Program team. The plan shall be based upon the needs of students in the unit not achieving grade-level proficiency. The plan shall detail how these funds shall be used in conjunction with all other supplemental funding allotments such as Low-Wealth, Small County, At-Risk Student Services/Alternative Schools, and Improving Student Accountability, to provide instructional and other services that meet the educational needs of these students. Prior to the allotment of disadvantaged student supplemental funds, the plan shall be approved by the State Board of Education.

Funds received for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to:

(1) Provide instructional positions or instructional support positions and/or professional development;
(2) Provide intensive in-school and/or after-school remediation;
(3) Purchase diagnostic software and progress-monitoring tools; and
(4) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

SECTION 7.8.(b) Funds are appropriated in this act to evaluate the Disadvantaged Students Supplemental Funding Initiatives and Low-Wealth Initiatives. The State Board of Education shall use these funds to:

(1) Evaluate the strategies implemented by local school administrative units with Disadvantaged Student Supplemental Funds and Low-Wealth Funds and assess their impact on student performance; and
(2) Evaluate the efficiency and effectiveness of the technical assistance and support provided to local school administrative units by the Department of Public Instruction.

The State Board of Education shall report the results of the evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by February 15, 2006, and by January 15 of each subsequent year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

STUDENTS WITH LIMITED ENGLISH PROFICIENCY

SECTION 7.9.(a) The State Board of Education shall develop guidelines for identifying and providing services to students with limited proficiency in the English language.

The State Board shall allocate these funds to local school administrative units and to charter schools under a formula that takes into account the average percentage of students in the units or the charters over the past three years who have limited English proficiency. The State Board shall allocate funds to a unit or a charter school only if (i) average daily membership of the unit or the charter school includes at least 20 students with limited English proficiency or (ii) students with limited English proficiency comprise at least two and one-half percent (2.5%) of the average daily membership of the unit or charter school. For the portion of the funds that is allocated on the basis of the number of identified students, the maximum number of identified students for whom a unit or charter school receives funds shall not exceed ten and six-tenths percent (10.6%) of its average daily membership.

Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional supplies/equipment, transportation costs, and staff development of teachers for students with limited English proficiency.

A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds.

SECTION 7.9.(b) The Department of Public Instruction shall prepare a current head count of the number of students classified with limited English proficiency by December 1 of each year.

Students in the head count shall be assessed at least once every three years to determine their level of English proficiency. A student who scores "superior" on the standard English language proficiency assessment instrument used in this State shall not be included in the head count of students with limited English proficiency.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FLEXIBILITY FOR THE HIGHEST PRIORITY ELEMENTARY SCHOOLS

SECTION 7.10. The State Board of Education may allow high priority schools that have made high growth for three consecutive years to be removed from the list of high priority schools. If a local board of education chooses to have a school removed from the list of high priority schools, the additional high priority funding for that school shall be discontinued.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS

SECTION 7.11. The State Board of Education may use up to two hundred thousand dollars ($200,000) of the funds in the Alternative Schools/At-Risk Student allotment each year for the 2005-2006 fiscal year and for the 2006-2007 fiscal year to implement G.S. 115C-12(24).

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.12. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand eight hundred thirty-eight dollars and thirty-nine cents ($2,838.39) per child for a maximum of 169,164 children for the 2005-2006 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of the 2005-2006 allocated average daily membership in the local school administrative unit.

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

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.13. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of nine hundred twenty-six dollars and fifty-five cents ($926.55) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2005-2006 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 55,895 children for the 2005-2006 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.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY

SECTION 7.14.(a) Funds appropriated for the 2005-2006 and 2006-2007 fiscal years for Student Accountability Standards shall be used to assist students to perform at or above grade level in reading and mathematics in grades 3-8 as measured by the State's end-of-grade tests. The State Board of Education shall allocate these funds to LEAs based on the number of students who score at Level I or Level II on either reading or mathematics end-of-grade tests in grades 3-8. Funds in the allocation category shall be used to improve the academic performance of (i) students who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 or (ii) students who are performing at Level I or II on the writing tests in grades 4 and 7. These funds may also be used to improve the academic performance of students who are performing at Level I or II on the high school end-of-course tests. These funds shall not be transferred to other allocation categories or otherwise used for other purposes. Except as otherwise provided by law, local boards of education may transfer other funds available to them into this allocation category.

The principal of a school receiving these funds, in consultation with the faculty and the site-based management team, shall implement plans for expending these funds to improve the performance of students.

Local boards of education are encouraged to use federal funds such as Title I Comprehensive School Reform Development Funds and to examine the use of State funds to ensure that every student is performing at or above grade level in reading and mathematics.

These funds shall be allocated to local school administrative units for the 2005-2006 fiscal year within 30 days of the date this act becomes law.

SECTION 7.14.(b) Funds appropriated for Student Accountability Standards shall not revert at the end of each fiscal year but shall remain available for expenditure until August 31 of the subsequent fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LITIGATION RESERVE FUNDS

SECTION 7.15. The State Board of Education may expend up to five hundred thousand dollars ($500,000) each year for the 2005-2006 and 2006-2007 fiscal years from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

BASE BUDGET REDUCTION TO DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.16. Notwithstanding any other provision of law, the Department of Public Instruction may use salary reserve funds and other funds and may transfer funds within the Department's continuation budget to implement budget reductions for the 2005-2006 fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

REPLACEMENT SCHOOL BUSES FUNDS

SECTION 7.17.(a) The State Board of Education may impose any of the following conditions on allotments to local boards of education for replacement school buses:

(1) The local board of education shall 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 shall 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 Department of Administration, Division of Purchase and Contract, in cooperation with the State Board of Education, shall solicit bids for the direct purchase of school buses and activity buses and shall establish a statewide term contract for use by the State Board of Education. Local boards of education and other agencies shall be eligible to purchase from the statewide term contract. The State Board of Education shall also solicit bids for the financing of school buses.

(5) A bus financed pursuant to this section shall meet all federal motor vehicle safety regulations for school buses.

(6) Any other condition the State Board of Education considers appropriate.

SECTION 7.17.(b) Any term contract for the purchase or lease-purchase of school buses or school activity buses shall not require vendor payment of the electronic procurement transaction fee of the North Carolina E-Procurement Service.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EXPENDITURES FOR DRIVING ELIGIBILITY CERTIFICATES

SECTION 7.18. G.S. 115C-12(28) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(28) Duty to Develop Rules for Issuance of Driving Eligibility Certificates. – The State Board of Education shall adopt the following rules to assist schools in their administration of procedures necessary to implement G.S. 20-11 and G.S. 20-13.2:

a. To define what is equivalent to a high school diploma for the purposes of G.S. 20-11 and G.S. 20-13.2. These rules shall apply to all educational programs offered in the State by public schools, charter schools, nonpublic schools, or community colleges.

b. To establish the procedures a person who is or was enrolled in a public school or in a charter school must follow and the requirements that person shall meet to obtain a driving eligibility certificate.

c. To require the person who is required under G.S. 20-11(n) to sign the driving eligibility certificate to provide the certificate if he or she determines that one of the following requirements is met:

1. The person seeking the certificate is eligible for the certificate under G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).
2. The person seeking the certificate is eligible for the certificate under G.S. 20-11(n)(1) and G.S. 20-11(n1).

These rules shall apply to public schools and charter schools.

d. To provide for an appeal to an appropriate education authority by a person who is denied a driving eligibility certificate. These rules shall apply to public schools and charter schools.

e. To define exemplary student behavior and to define what constitutes the successful completion of a drug or alcohol treatment counseling program. These rules shall apply to public schools and charter schools.

The State Board also shall develop policies as to when it is appropriate to notify the Division of Motor Vehicles that a person who is or was enrolled in a public school or in a charter school no longer meets the requirements for a driving eligibility certificate.

The State Board shall develop a form for parents, guardians, or emancipated juveniles, as appropriate, to provide their written, irrevocable consent for a school to disclose to the Division of Motor Vehicles that the student no longer meets the conditions for a driving eligibility certificate under G.S. 20-11(n)(1) or G.S. 20-11(n1), if applicable, in the event that this disclosure is necessary to comply with G.S. 20-11 or G.S. 20-13.2. Other than identifying under which statutory subsection the student is no longer eligible, no other details or information concerning the student's school record shall be released pursuant to this consent. This form shall be used for students enrolled in public schools or charter schools.

The State Board of Education may use funds appropriated for drivers education to cover the costs of driving eligibility certificates."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

SECTION 7.19.(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 7.19.(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.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

CHARTER SCHOOL ADVISORY COMMITTEE/CHARTER SCHOOL EVALUATION

SECTION 7.20. The State Board of Education may spend up to fifty thousand dollars ($50,000) a year from State Aid to Local School Administrative Units for the 2005-2006 and 2006-2007 fiscal years to continue support of a charter school advisory committee and to continue to evaluate charter schools.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

MENTOR TEACHER FUNDS MAY BE USED FOR FULL-TIME MENTORS

SECTION 7.21.(a) The State Board of Education shall grant flexibility to a local board of education regarding the use of mentor funds to provide mentoring support, provided the local board submits a detailed plan on the use of the funds to the State Board and the State Board approves that plan. The plan shall include information on how all mentors in the local school administrative unit have been or will be adequately trained to provide mentoring support.

Local boards of education shall use funds allocated for mentor teachers to provide mentoring support to all State-paid newly certified teachers, second-year teachers who were assigned mentors during the prior school year, and entry-level instructional support personnel who have not previously been teachers.

SECTION 7.21.(b) The State Board, after consultation with the Professional Teaching Standards Commission, shall adopt standards for mentor training.

SECTION 7.21.(c) Each local board of education with a plan approved pursuant to subsection (a) of this section shall report to the State Board on the impact of its mentor program on teacher retention. The State Board shall analyze these reports to determine the characteristics of mentor programs that are most effective in retaining teachers and shall report its findings to the Joint Legislative Education Oversight Committee by October 15, 2006.

SECTION 7.21.(d) In addition to the report required in subsection (c) of this section, the State shall also evaluate the effectiveness of a representative sample of local mentor programs and report on its findings to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2006. The evaluation shall focus on quantitative evidence, quality of service delivery, and satisfaction of those involved. The report shall include the results of the evaluation and recommendations both for improving mentor programs generally and for an appropriate level of State support for mentor programs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

VISITING INTERNATIONAL EXCHANGE TEACHERS

SECTION 7.22.(a) G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(5a) Positions allocated for classroom teachers may be converted to dollar equivalents to contract for visiting international exchange teachers. These positions shall be converted at the statewide average salary for classroom teachers, including benefits. The converted funds shall be used only to cover the costs associated with bringing visiting international exchange teachers to the local school administrative unit through a State-approved visiting international exchange teacher program and supporting the visiting exchange teachers."

SECTION 7.22.(b) The Visiting International Faculty Program is a State-approved visiting international exchange teacher program.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.23.(a) The State Board of Education shall use funds appropriated in this act for State Aid to Local School Administrative Units to provide incentive funding for schools that met or 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:

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

a. Up to one thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and

b. Up to five hundred dollars ($500.00) for each teacher assistant.

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

a. Up to seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and

b. Up to three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 7.23.(b) The State Board of Education may use funds appropriated to the State Public School Fund for assistance teams to low-performing schools.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LEA ASSISTANCE PROGRAM

SECTION 7.24. Of the funds appropriated to the State Public School Fund, the State Board of Education shall use five hundred thousand dollars ($500,000) for the 2005-2006 fiscal year and five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year 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, 2006, and by December 15, 2007. 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. These funds shall not revert at the end of each fiscal year but shall remain available until expended for this purpose.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

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

SECTION 7.25.(a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2005-2006 and 2006-2007 fiscal years but shall remain available until expended.

SECTION 7.25.(b) This section becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PUBLIC SCHOOL BUILDING CAPITAL AND TECHNOLOGY FUND

SECTION 7.26.(a) The title of Article 38A of Chapter 115C of the General Statutes reads as rewritten:

"Article 38A.

Public School Building Capital and Technology Fund."

SECTION 7.26.(b) G.S. 115C-546.1 is amended by deleting the language "Public School Building Capital Fund" wherever it appears and substituting "Public School Building Capital and Technology Fund".

SECTION 7.26.(c) Notwithstanding the provisions of G.S. 115C-546.1(b), as rewritten by subsection (b) of this section, for the third and fourth quarters of the 2005-2006 fiscal year only, the Secretary of Revenue shall remit to the State Treasurer an amount equal to five sixty-ninths of the net collections received during the previous quarter by the Department of Revenue under G.S. 105-130.3. Of these funds, twenty-five million dollars ($25,000,000) each quarter shall be for credit to the State Public School Fund, and the remainder shall be for credit to the Public School Building Capital and Technology Fund.

The State Treasurer shall remit funds for credit to the Public School Building Capital and Technology Fund for the first and second quarters of the 2005-2006 fiscal year in accordance with G.S. 115C-546.1(b).

SECTION 7.26.(d) Notwithstanding the provisions of G.S. 115C-546.1(b), as rewritten by subsection (b) of this section, for the first and second quarters of the 2006-2007 fiscal year only, the Secretary of Revenue shall remit to the State Treasurer an amount equal to five sixty-ninths of the net collections received during the previous quarter by the Department of Revenue under G.S. 105-130.3. Of these funds, twenty million five hundred thousand dollars ($20,500,000) each quarter shall be for credit to the State Public School Fund, and the remainder shall be for credit to the Public School Building Capital and Technology Fund.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LEA SALES TAX REFUND REPORTING

SECTION 7.27.(a) G.S. 105-164.14(c) reads as rewritten:

"(c) Certain Governmental Entities. – A governmental entity listed in this subsection is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services, other than electricity and telecommunications service. Sales and use tax liability indirectly incurred by a governmental entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or

leased by the governmental entity and is being erected, altered, or repaired for use by the governmental entity is considered a sales or use tax liability incurred on direct purchases by the governmental entity for the purpose of this subsection. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the governmental entity's fiscal year. The Secretary shall make an annual report to the Department of Public Instruction and the Fiscal Research Division of the General Assembly by January 1 of the amount of refunds, identified by taxpayer, claimed under subdivisions (2b) and (2c) of this subsection over the preceding year.

This subsection applies only to the following governmental entities:

(1) A county.
(2) A city as defined in G.S. 160A-1.
(2a) A consolidated city-county as defined in G.S. 160B-2.
(2b) A local school administrative unit.
(2c) A joint agency created by interlocal agreement among local school administrative units pursuant to G.S. 160A-462 to jointly purchase food service-related materials, supplies, and equipment on their behalf.
(3) A metropolitan sewerage district or a metropolitan water district in this State.
(4) A water and sewer authority created under Chapter 162A of the General Statutes.
(5) A lake authority created by a board of county commissioners pursuant to an act of the General Assembly.
(6) A sanitary district.
(7) A regional solid waste management authority created pursuant to G.S. 153A-421.
(8) An area mental health, developmental disabilities, and substance abuse authority, other than a single-county area authority, established pursuant to Article 4 of Chapter 122C of the General Statutes.
(9) A district health department, or a public health authority created pursuant to Part 1A of Article 2 of Chapter 130A of the General Statutes.
(10) A regional council of governments created pursuant to G.S. 160A-470.
(11) A regional planning and economic development commission or a regional economic development commission created pursuant to Chapter 158 of the General Statutes.
(12) A regional planning commission created pursuant to G.S. 153A-391.
(13) A regional sports authority created pursuant to G.S. 160A-479.
(14) A public transportation authority created pursuant to Article 25 of Chapter 160A of the General Statutes.
(14a) A facility authority created pursuant to Part 4 of Article 20 of Chapter 160A of the General Statutes.

(15) A regional public transportation authority created pursuant to Article 26 of Chapter 160A of the General Statutes, or a regional transportation authority created pursuant to Article 27 of Chapter 160A of the General Statutes.

(16) A local airport authority that was created pursuant to a local act of the General Assembly.

(17) A joint agency created by interlocal agreement pursuant to G.S. 160A-462 to operate a public broadcasting television station.

(18) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.

(19) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.

(20) A constituent institution of The University of North Carolina, but only with respect to sales and use tax paid by it for tangible personal property or services that are eligible for refund under this subsection acquired by it through the expenditure of contract and grant funds.

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

(22) A regional natural gas district created pursuant to Article 28 of Chapter 160A of the General Statutes."

SECTION 7.27.(b) G.S. 105-259(b) is amended by adding a new subdivision to read:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person unless the disclosure is made for one of the following purposes:

...

(32) To provide the report required under G.S. 105-164.14(c) to the Department of Public Instruction and the Fiscal Research Division of the General Assembly."

SECTION 7.27.(c) In addition to the report required under G.S. 105-164.14(c), as amended by this section, the Secretary of Revenue shall make a report to the Department of Public Instruction and the Fiscal Research Division of the General Assembly within 30 days after this act becomes law of the amount of refunds, identified by taxpayer, claimed under subdivisions (2b) and (2c) of G.S. 105-164.14(c) during the 2002-2003, 2003-2004, and 2004-2005 fiscal years.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

REVIEW OF STANDARDS FOR MASTERS IN SCHOOL ADMINISTRATION PROGRAMS

SECTION 7.28. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall review standards for Masters in School Administration programs to ensure that appropriate competencies

related to teacher retention, teacher evaluations, teacher support programs, and teacher effectiveness are included and emphasized.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EVALUATION OF SCHOOL PRINCIPALS

SECTION 7.29. Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-286.1. Evaluations of principals.**

Local school administrative units shall evaluate all principals and assistant principals at least once each year. Either the superintendent or the superintendent's designee shall conduct the evaluations.

The State Board of Education shall ensure that the standards and criteria for the evaluations include the accountability measures of teacher retention, teacher support, and school climate. The State Board shall revise its evaluation instruments to include these measures. A local board shall use the performance standards and criteria adopted by the State Board unless the board develops an alternative evaluation that is properly validated and that includes standards and criteria similar to those adopted by the State Board."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLANNING TIME FOR TEACHERS

SECTION 7.30. The State Board of Education shall report on best practices from North Carolina schools for providing a minimum of five hours per week within the instructional day for planning, collaborating with colleagues and parents, and professional development, especially within elementary school schedules. The State Board shall submit its report to the Education Cabinet and to the Joint Legislative Education Oversight Committee by December 31, 2005.

The State Board shall disseminate this information about best practices to schools and school systems across the State.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ONLINE PROFESSIONAL DEVELOPMENT RESOURCE CENTER FOR TEACHERS AND PRINCIPALS

SECTION 7.31. The State Board of Education and the Department of Public Instruction shall develop a Web portal that catalogues high-quality professional development opportunities for teachers and principals.

The State Chief Information Officer must approve the system's information technology project plan before funds are spent for the implementation of this system.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LEARN AND EARN HIGH SCHOOLS

SECTION 7.32.(a) Funds are appropriated in this act for the Learn and Earn high school workforce development program. The purpose of the program is to create

rigorous and relevant high school options that provide students with the opportunity and assistance to earn an associate degree or two years of college credit by the conclusion of the year after their senior year in high school. The State Board of Education shall work closely with the Education Cabinet and the New Schools Project in administering the program.

SECTION 7.32.(b) These funds shall be used to establish new high schools in which a local school administrative unit, two- and four-year colleges and universities, and local employers work together to ensure that high school and postsecondary college curricula operate seamlessly and meet the needs of participating employers.

Funds shall not be allotted until Learn and Earn high schools are certified as operational.

SECTION 7.32.(c) During the first year of its operation, a high school established under G.S. 115C-238.50 shall be allotted a principal regardless of the number of State-paid teachers assigned to the school or the number of students enrolled in the school.

SECTION 7.32.(d) The State Board of Education, in consultation with the State Board of Community Colleges and The University of North Carolina Board of Governors, shall conduct an annual evaluation of this program. The evaluation shall include measures as identified in G.S. 115C-238.55. It shall also include: (i) an accounting of how funds and personnel resources were utilized and their impact on student achievement, retention, and employability; (ii) recommended statutory and policy changes; and (iii) recommendations for improvement of the program. The State Board of Education shall report the results of this evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by January 15 of each fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FLEXIBILITY FOR HIGH SCHOOL INNOVATION

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

"Part 9. Cooperative Innovative High School Programs.

"**§ 115C-238.50. Purpose.**

(a) The purpose of this Part is to authorize ~~boards of trustees of community colleges and local boards of education to jointly establish~~ local boards of education to jointly establish with one or more boards of trustees cooperative innovative programs in high schools and ~~community~~ colleges or universities that will expand students' opportunities for educational success through high quality instructional programming. These cooperative innovative high school programs shall target:

(1) High school students who are at risk of dropping out of school before attaining a high school diploma; or

(2) High school students who would benefit from accelerated academic instruction.

(b) All the cooperative innovative high school programs established under this Part shall:

(1) Prepare students adequately for future learning in the workforce or in an institution of higher education.

(2) Expand students' educational opportunities within the public school system.

(3) Be centered on the core academic standards represented by the college preparatory or tech prep program of study as defined by the State Board of Education.

(4) Encourage the cooperative or shared use of resources, personnel, and facilities between public schools and ~~community colleges.~~ colleges or universities, or both.

(5) Integrate and emphasize both academic and technical skills necessary for students to be successful in a more demanding and changing workplace.

(6) Emphasize parental involvement and provide consistent counseling, advising, and parent conferencing so that parents and students can make responsible decisions regarding course taking and can track the students' academic progress and success.

(7) Be held accountable for meeting measurable student achievement results.

(8) Encourage the use of different and innovative teaching methods.

(9) Establish joint institutional responsibility and accountability for support of students and their success.

(10) Effectively utilize existing funding sources for high school, ~~community~~ college, university, and vocational programs and actively pursue new funding from other sources.

(11) Develop methods for early identification of potential participating students in the middle grades and through high school.

(12) Reduce the percentage of students needing remedial courses upon their initial entry from high school into a college or university.

(c) Programs developed under this Part that target students who are at risk of dropping out of high school before attaining a high school diploma shall:

(1) Provide these students with the opportunity to graduate from high school possessing the core academic skills needed for postsecondary education and high-skilled employment.

(2) Enable students to complete a technical or academic program in a field that is in high demand and has high wages.

(3) Set and achieve goals that significantly reduce dropout rates and raise high school and ~~community~~ college retention, certification, and degree completion rates.

(4) Enable students who complete these programs to pass employer exams, if applicable.

(d) Cooperative innovative high school programs that offer accelerated learning programs shall:

(1) Provide a flexible, customized program of instruction for students who would benefit from accelerated, higher level coursework or early graduation from high school.

(2) Enable students to obtain a high school diploma in less than four ~~years and~~ years, to begin or complete an associate degree ~~program or~~ program, to master a certificate or vocational ~~program.~~program, or to earn up to two years of college credit.

(3) Offer a college preparatory academic core and in-depth studies in a career or technical field that will lead to advanced programs or employment opportunities in engineering, health sciences, or teaching.

(e) Cooperative innovative high school programs may include the creation of a school within a school, a technical high school, or a high school or technical center located on the campus of a ~~community college.~~college or university.

(f) Students are eligible to attend these programs as early as ninth grade.

"**§ 115C-238.50A. Definitions.**

The following definitions apply in this Part:

(1) Constituent institution. – A constituent institution as defined in G.S. 116-2(4).

(2) Education partner. – An education partner as provided in G.S. 115C-238.52.

(3) Governing board. – The State Board of Community Colleges, the Board of Governors of The University of North Carolina, or the Board of the North Carolina Independent Colleges and Universities.

(4) Local board of trustees. – The board of trustees of a community college, constituent institution of The University of North Carolina, or private college located in North Carolina.

"**§ 115C-238.51. Application process.**

(a) A local board of education and ~~a~~ at least one local board of trustees ~~of a community college~~ shall jointly apply to establish a cooperative innovative high school program under this Part.

(b) The application shall contain at least the following information:

(1) A description of a program that implements the purposes in G.S. 115C-238.50.

(2) A statement of how the program relates to the Economic Vision Plan adopted for the economic development region in which the program is to be located.

(3) The facilities to be used by the program and the manner in which administrative services of the program are to be provided.

(4) A description of student academic and vocational achievement goals and the method of demonstrating that students have attained the skills and knowledge specified for those goals.

(5) A description of how the program will be operated, including budgeting, curriculum, transportation, and operating procedures.

(6) The process to be followed by the program to ensure parental involvement.

(7) The process by which students will be selected for and admitted to the program.

(8) A description of the funds that will be used and a proposed budget for the program. This description shall identify how the average daily membership (ADM) and full-time equivalent (FTE) students are counted.

(9) The qualifications required for individuals employed in the program.

(10) The number of students to be served.

(11) A description of how the program's effectiveness in meeting the purposes in G.S. 115C-238.50 will be measured.

(c) The application shall be submitted to the State Board of Education and the ~~State Board of Community Colleges~~ applicable governing Boards by November 1 of each year. The ~~State Board of Education and the State Board of Community Colleges~~ Boards shall appoint a joint advisory committee to review the applications and to recommend to the ~~State~~ Boards those programs that meet the requirements of this Part and that achieve the purposes set out in G.S. 115C-238.50.

(d) ~~The State Board of Education and the State Board of Community Colleges shall approve two cooperative innovative high school programs in each of the State's economic development regions.~~ The ~~State~~ Boards may approve programs recommended by the joint advisory committee or may approve other programs that were not recommended. The ~~State~~ Boards shall approve all applications by March 15 of each year. No application shall be approved unless the ~~State Boards~~ State Board of Education and the applicable governing Board find that the application meets the requirements set out in this Part and that granting the application would achieve the purposes set out in G.S. 115C-238.50. Priority shall be given to applications that are most likely to further State education policies, to address the economic development needs of the economic development regions in which they are located, and to strengthen the educational programs offered in the local school administrative units in which they are located.

"**§ 115C-238.52. Participation by other education partners.**

(a) Any or all of the following education partners may participate in the development of a cooperative innovative program under this Part that is targeted to high school students who would benefit from accelerated academic instruction:

~~(1) A constituent institution of The University of North Carolina.~~

~~(2) A private college or university located in North Carolina.~~

(3) A private business or organization.

(4) The county board of commissioners in the county in which the program is located.

(b) Any or all of the education partners listed in subsection (a) of this section that participate shall:

(1) Jointly apply with the local board of education and the local board of trustees ~~of the community college~~ to establish a cooperative innovative program under this Part.

(2) Be identified in the application.

(3) Sign the written agreement under G.S. 115C-238.53(b).

"§ 115C-238.53. Program operation.

(a) A program approved by the State ~~shall be~~ is accountable to the local board of education.

(b) A program approved under this Part shall operate under the terms of a written agreement signed by the local board of education, local board of ~~trustees of the community college,~~ trustees, State Board of Education, and ~~State Board of Community Colleges.~~ applicable governing Board. The agreement shall incorporate the information provided in the application, as modified during the approval process, and any terms and conditions imposed on the program by the State Board of Education and the ~~State Board of Community Colleges.~~ applicable governing Board. The agreement may be for a term of no longer than five school years.

(c) A program may be operated in a facility owned or leased by the local board of education, the local board of ~~trustees of the community college,~~ trustees, or the education partner, if any.

(d) A program approved under this Part shall provide instruction each school year for at least 180 days during nine calendar months, shall comply with laws and policies relating to the education of students with disabilities, and shall comply with Article 27 of this Chapter.

(e) A program approved under this Part may use State, federal, and local funds allocated to the local school administrative unit, to the ~~State Board of Community Colleges,~~ applicable governing Board, and to the ~~community~~ college or university to implement the program. If there is an education partner and if it is a public body, the program may use State, federal, and local funds allocated to that body.

(f) Except as provided in this Part and ~~pursuant to~~ under the terms of the agreement, a program is exempt from laws and rules applicable to a local board of education, a local school administrative unit, a community college, a constituent institution, or a local board of ~~trustees of a community college.~~ trustees.

"§ 115C-238.54. Funds for programs.

(a) The Department of Public Instruction shall assign a school code for each program that is approved under this Part. All positions and other State and federal allotments that are generated for this program shall be assigned to that school code. Notwithstanding G.S. 115C-105.25, once funds are assigned to that school code, the local board of education may use these funds for the program and may transfer these funds between funding allotment categories.

(b) The local board of trustees ~~of a community college~~ may allocate State and federal funds for a program that is approved under this Part.

(c) An education partner under G.S. 115C-238.52 that is a public body may allocate State, federal, and local funds for a program that is approved under this Part.

(d) If not an education partner under G.S. 115C-238.52, a county board of commissioners in a county where a program is located may nevertheless appropriate funds to a program approved under this Part.

(e) The local board of education and the local board of trustees ~~of the community college~~ are strongly encouraged to seek funds from sources other than State, federal, and local appropriations. They are strongly encouraged to seek funds the Education Cabinet identifies or obtains under G.S. 116C-4.

"§ 115C-238.55. Evaluation of programs.

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

SECTION 7.33.(b) It is the intent of the General Assembly that three cooperative innovative high school programs are established that emphasize the educational development of high school students in the areas of science and mathematics in a nonresidential setting. One of these programs shall be located in the eastern region of the State, one shall be located in the central region of the State, and one shall be located in the western region of the State. The State Board of Education shall begin planning for the design and implementation of these programs and shall report their plan to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly by March 15, 2006.

The plan shall include, but not be limited to, the following aspects of the proposed programs:

(1) Programmatic design including location, curriculum, student access, and calendar,

(2) Projected costs of operation, including instructional, administrative, transportation, capital, and other costs,

(3) Any plans for coordination with institutes of higher education,

(4) Proposed implementation schedule.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS FOR EDUCATION OF STUDENTS AT ECKERD YOUTH ALTERNATIVES THERAPEUTIC CAMP

SECTION 7.35. If a student is placed in an Eckerd Youth Alternatives therapeutic camp on the recommendation of a local school administrative unit, the unit shall transfer to the camp the State funds allocated to the unit for the education of the child. For each day that the child receives educational services at the camp, that unit shall pay 1/180 of the annual amount a charter school located in that unit would receive in State funds for that child, for a maximum of 180 days in a fiscal year. If the child is a child with special needs, the unit shall also be responsible for the State per pupil allocation for children with special needs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

MINIMIZE TIME DEVOTED TO STANDARDIZED TESTS

SECTION 7.37. G.S. 115C-174.12(a) reads as rewritten:

"(a) The State Board of Education shall establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing programs, for minimizing the frequency of field testing at any one school, and for otherwise carrying out the provisions of this Article. These policies and guidelines shall include the following:

(1) Schools shall devote no more than two days of instructional time per year to the taking of practice tests that do not have the primary purpose of assessing current student learning;

(2) Students in a school shall not be subject to field tests or national tests during the two-week period preceding the administration of end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams; and

(3) No school shall participate in more than two field tests at any one grade level during a school year unless that school volunteers, through a vote of its school improvement team, to participate in an expanded number of field tests.

These policies shall reflect standard testing practices to insure reliability and validity of the sample testing. The results of the field tests shall be used in the final design of each test. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment that are consistent with a child's individualized education program and section 504 (29 U.S.C. § 794) plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a child's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for students with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption.

The State Board of Education may appoint an Advisory Council on Testing to assist in carrying out its responsibilities under this Article."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EDUCATION CABINET

SECTION 7.38.(a) G.S. 116C-1(b) reads as rewritten:

"(b) The Education Cabinet shall consist of the Governor, who shall serve as chair, the President of The University of North Carolina, the State Superintendent of Public Instruction, the Chairman of the State Board of Education, the President of the North Carolina Community Colleges System, the Secretary of Health and Human Services, and the President of the North Carolina Independent Colleges and Universities. The Education Cabinet may invite other representatives of education to participate in its deliberations as adjunct members."

SECTION 7.38.(b) The Education Cabinet shall study:

(1) The extent to which school nurses, school social workers, and other instructional support personnel collaborate with each other and with local health, mental health, and social services providers to meet the needs of at-risk children and their families and to support the educational achievement of at-risk children; and

(2) The need for additional training for school nurses, school social workers, and other instructional support personnel on multidisciplinary assessments and on referral and care coordination for at-risk students and their families.

The Education Cabinet shall report the results of its study and its recommendations to the Joint Legislative Education Oversight Committee prior to April 15, 2006.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

THE CENTER FOR 21ST CENTURY SKILLS

SECTION 7.39.(a) The State Board of Education shall transfer funds appropriated for the Center for 21st Century Skills to the Office of the Governor. These funds shall be used for the establishment of the Center for 21st Century Skills within the North Carolina Business Committee for Education, Inc. The purpose of the Center shall be to design curriculum, teacher training, and student assessment to support students acquiring the knowledge and skills needed for the emerging workforce of the 21st century.

SECTION 7.39.(b) The North Carolina Business Committee for Education, Inc., and the Center for 21st Century Skills shall coordinate their efforts on high school reform with the North Carolina New Schools Project.

SECTION 7.39.(c) The North Carolina Business Committee for Education, Inc., and the Center for 21st Century Skills shall work with the North Carolina Science, Mathematics and Technology Education Center, the North Carolina School of Science and Mathematics, the North Carolina Board of Science and Technology, and the governing boards of education to research and propose options to create new or expand existing mathematics and science summer enrichment programs across the State and to establish nonresidential high schools focused on mathematics, science, and technology. The Center shall also support efforts of the Futures for Kids Program to connect students with the workforce needs of their home communities.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

TEACHER WORKING CONDITIONS INITIATIVE

SECTION 7.40.(a) Funds are appropriated in this act to continue the Governor's Teacher Working Conditions Survey. The State Board of Education shall use these funds: (i) for the administration of the survey by the Professional Teaching Standards Commission on a biennial basis, and (ii) to establish an advisory board to oversee implementation of recommendations from the survey.

SECTION 7.40.(b) The State Board of Education may supplement these funds with gifts or other private funds donated for this purpose.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLAN AND FUNDING FOR A VIRTUAL HIGH SCHOOL

SECTION 7.41.(a) The State Board of Education, the Board of Governors of The University of North Carolina, the Independent Colleges and Universities, and the State Board of Community Colleges shall develop E-learning standards and plans for infrastructures that provide virtual learning opportunities accessible to students and other citizens through all North Carolina schools, universities, and community colleges. In developing the plan for the public schools, the State Board of Education shall focus initially on high schools while also researching and developing, where appropriate, E-learning for middle schools, junior high schools, and elementary schools. E-learning programs shall support both teachers and students.

SECTION 7.41.(b) As used in this section, "E-learning" is electronic learning that includes a wide set of applications and processes, such as Web-based learning, computer-based learning, virtual classrooms, and digital collaboration. It includes the delivery of content via Internet, intranet/extranet (LAN/WAN), audiotape, videotape, satellite broadcast, interactive television, and CD-ROM.

SECTION 7.41.(c) It is the intent of the General Assembly to give public schools the highest priority in funding for and development of E-learning. Funding for E-learning should be a new appropriation and not come exclusively from existing funds.

SECTION 7.41.(d) The State Board of Education shall use funds appropriated for a virtual high school to establish and implement a pilot virtual high school during the 2005-2006 school year and the 2006-2007 school year.

The State Board of Education shall include in the pilot program instruction on personal financial literacy. This instruction shall be designed to equip students with the knowledge and skills they need, before they become self-supporting, to make critical decisions regarding their personal finances. The components of instruction shall include, at a minimum, consumer financial education, personal finance, and personal credit.

SECTION 7.41.(e) If the pilot program is successful, it is the intent of the General Assembly to provide funding to implement a virtual high school on a statewide basis for the 2006-2007 fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FEASIBILITY STUDY FOR DEVELOPING REGIONAL EDUCATION NETWORKS

SECTION 7.42. The North Carolina Rural Economic Development Center and the e-NC Authority, in collaboration with representatives from local school administrative units, The University of North Carolina, the State Board of Education, the State Chief Information Officer, and the Community College System shall perform a feasibility study on developing regional education networks that are centrally managed to provide and sustain broadband connectivity to individual students and teachers in schools, community colleges, and universities.

The study shall include an evaluation of existing technology infrastructures, such as the statewide infrastructure, the North Carolina Research and Education Network, or the regional infrastructure, Winston-Net. These state-of-the-art infrastructures may be capable of supporting growth in traffic and thus serve as a backbone infrastructure for delivering high-speed access to underserved regions.

The North Carolina Rural Economic Development Center and the e-NC Authority shall report the results of the study to the 2006 Regular Session of the 2005 General Assembly.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLAN FOR PROJECTING SCHOOL TECHNOLOGY FUNDING NEEDS

SECTION 7.43.(a) G.S. 115C-102.6A(c) reads as rewritten:

"(c) Components of the State school technology plan shall include at least the following:

...

(17) A baseline template for:

a. Technology infrastructure, including broadband connectivity, personnel recommendations, and other resources needed to operate effectively from the classroom desktop to local, regional, and State networks, and

b. An evaluation component that provides for local school administrative unit accountability for maintaining quality upgradeable systems."

SECTION 7.43.(b) No later than October 31, 2005, the Department of Public Instruction shall hold regional workshops for local school administrative units to provide guidance in developing local school system technology plans that meet the criteria established in the State school technology plan, including the components added under subsection (a) of this section. The State Chief Information Officer will assist with the regional meetings as needed to provide technical assistance.

SECTION 7.43.(c) G.S. 115C-102.7 is amended by adding the following new subsection to read:

"(c) The Department of Public Instruction shall randomly check local school system technology plans to ensure that local school administrative units are implementing their plans as approved. The Department shall report to the State Board of

Education and the State Chief Information Officer on which local school administrative units are not complying with their plans. The report shall include the reasons these local school administrative units are out of compliance and a recommended plan of action to support each of these local school administrative units in carrying out their plans."

SECTION 7.43.(d) The State Board of Education shall determine the total amount of funds needed for the recurring total cost of ownership to implement, maintain, and upgrade technology infrastructures and instructional technology as specified in the revised local school system technology plans. This shall include personnel costs for both technical and instructional needs so that a three- to five-year budget plan can be developed for the General Assembly.

SECTION 7.43.(e) The State Board of Education shall also study and identify the types of resources needed to operate schools designed to meet the needs of twenty-first century learners.

The State Board shall report the results of this study to the 2006 Regular Session of the 2005 General Assembly.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ANNUAL REPORT THAT HIGHLIGHTS THE IMPACT OF EDUCATION PREPARATION ON ECONOMIC GROWTH

SECTION 7.44. The North Carolina Board of Science and Technology shall prepare an annual report by county on the status of trends that reflect the impact of education on economic growth for the twenty-first century. This report shall contain information about the status of each county with regard to education and economic growth.

The Board shall provide the report to the Regular 2006 Session of the 2005 General Assembly and shall make the report available for citizens.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PROCESS FOR MORE ASSISTANCE FOR E-RATE

SECTION 7.45. In order to provide assistance to local school administrative units with E-rate applications, the Department of Public Instruction shall, within existing funds, ensure that a minimum of one full-time coordinator who has technical knowledge and skills is assigned this responsibility. The Department shall notify local school administrative units about the person or office assigned the responsibility of providing assistance with E-rate applications.

The Department shall provide the State Board of Education with an annual report on E-rate, including funding, commitments, and enrollment by local school administrative units.

As used in this section, "E-rate" is the mechanism to provide discount rates to support universal telecommunications services for use by schools and libraries as provided in section 254 of the federal Telecommunications Act of 1996.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLANNING FOR A STATE CENTRAL INFRASTRUCTURE OFFICE

SECTION 7.46.(a) The Office of State Budget and Management shall conduct a study to determine the feasibility of establishing a State Central Infrastructure Office that would collect and manage information for technology, water, sewer, and other utility infrastructures needed to assist communities in becoming and remaining economically viable.

SECTION 7.46.(b) The Office of State Budget and Management shall report the results of this study to the 2006 Regular Session of the 2005 General Assembly. The report shall include legislative proposals, including a proposal to define the term "infrastructure" in the General Statutes to include technology.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SCHOOL EMPLOYEE SALARY STUDY

SECTION 7.47. The Joint Legislative Education Oversight Committee shall study the current salary structure for teachers and other school employees. In the course of the study, the Committee shall:

(1) Develop a plan to get the State moving toward the national average in teacher salaries by 2008 and toward the top 10 states in the nation by 2010.

(2) Consider strategies for maintaining the lead in teacher salaries in the Southeastern United States.

(3) Consider the need to reduce the number of steps on the teacher salary schedule, increase the beginning teacher salary, and enable an individual to reach the maximum salary sooner.

(4) Perform a market-sensitive analysis of the skills and knowledge needed to be a successful teacher to determine what it takes to make the schedule attractive and competitive.

(4) Consider the placement of appropriate extraordinary increases on schedule for achievement of career status, teacher retention, and other purposes.

(5) Determine the need to modify the masters schedule differential.

(6) Determine the need to modify the alternative salary schedules to reward different levels of academic preparation and career accomplishments such as attainment of national certification.

(7) Consider the appropriate relationship of the school counselor's schedule to the schedules for other members of the school-based staff.

(8) Determine the need to modify the administrator salary schedule.

(9) Consider other matters the Committee deems appropriate.

The Committee shall report the results of its study to the 2006 Regular Session of the 2005 General Assembly.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

COMMISSION FOR A SOUND BASIC EDUCATION

SECTION 7.48.(a) The North Carolina Commission for a Sound Basic Education is hereby established. The Commission shall (i) investigate strategies and resources which contribute to the opportunity for North Carolina students to obtain a sound basic education, (ii) analyze all current plans for implementing the strategies developed to enhance every child's ability to fulfill his or her potential, and (iii) if necessary, provide a cost analysis for implementing those plans.

SECTION 7.48.(b) The Commission shall consist of six members appointed by the President Pro Tempore of the Senate and six members appointed by the Speaker of the House of Representatives. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Commission from their appointees.

SECTION 7.48.(c) The Commission shall appoint advisory members to assist it in its work. The advisory members shall include at least two parents of children in the public schools and representatives of State agencies, the Community College System, The University of North Carolina, education organizations, child health organizations, and child advocacy organizations.

SECTION 7.48.(d) The full commission shall meet on a monthly basis. The commission shall develop the necessary and appropriate committees and subcommittees to facilitate completion of its work. The committees and subcommittees shall meet as necessary to effectively conduct the work with which they are charged.

SECTION 7.48.(e) Only members of the Commission may vote on any matter before the Commission.

SECTION 7.48.(f) Members of the Commission and advisory members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION 7.48.(g) The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs. The Commission may meet in the Legislative Building or the Legislative Office Building.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. If the Commission hires a consultant, the consultant shall not be a State employee or a person currently under contract with the State to provide services.

All State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Commission in its work. The House

of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission.

SECTION 7.48.(h) The Commission shall provide opportunities for substantive and meaningful input into and development and review of the comprehensive plan by all stakeholders in the public education system. These stakeholders include, but are not limited to, students, parents, guardians, educators, school board members, education advocates, and child health professionals. Opportunities for input and review shall include (i) regional public forums, (ii) regular distribution to local newspapers statewide of details of its work and posting of the information on the Internet, (iii) providing stakeholders with the opportunity to identify representative members of stakeholder groups to be included as full participants in the Commission's deliberations, and (iv) open meetings of the Commission and any committees it may create.

SECTION 7.48.(i) The Commission shall make a final report to the General Assembly by January 15, 2006. The report shall include the details of the plans, the results of the cost analysis and a proposed budget, and any statutory changes necessary to implement the plans on a statewide basis.

SECTION 7.48.(j) The Commission shall terminate upon filing its final report or upon the convening of the 2006 Regular Session of the 2005 General Assembly, whichever is earlier.

SECTION 7.48.(k) Funds in the amount of two hundred thousand dollars ($200,000) are appropriated in this act to the General Assembly to carry out its work of the North Carolina Commission for a Sound Basic Education.

PART VIII. COMMUNITY COLLEGES

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 8.1.(a) Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2004-2005 fiscal year but shall remain available until expended.

SECTION 8.1.(b) The Community Colleges System Office shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the College Information System Project.

SECTION 8.1.(c) Subsection (a) of this section becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

CARRYFORWARD FOR EQUIPMENT

SECTION 8.2.(a) Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System Office may carry-forward an amount not to exceed fifteen million dollars ($15,000,000) of the operating funds that were not reverted in fiscal year 2004-2005 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These funds shall be distributed to colleges consistent with G.S. 115D-31.

SECTION 8.2.(b) This section becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.3.(a) 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) Associate Degree or Equivalent. – This education level includes faculty members who have an associate 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 8.3.(b) For the 2005-2006 school year, the minimum salaries for nine-month, full-time, curriculum community college faculty shall be as follows:

Education Level	Minimum Salary 2005-2006	Minimum Salary 2006-2007
Vocational Diploma/Certificate or Less	$29,652	$30,542
Associate Degree or Equivalent	$30,102	31,005

Bachelors Degree	$32,050	33,011
Masters Degree or Education Specialist	$33,777	34,790
Doctoral Degree	$36,269	37,357

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

SECTION 8.3.(c)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average, therefore:

a. If the average faculty salary at a community college is one hundred percent (100%) or more of the national average community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.

b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.

c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

d. If the average faculty salary at a community college is at least eighty-five percent (85%) but less than ninety percent (90%) of the national average community college faculty salary, the college may transfer up to three percent (3%) of the State funds allocated to it for faculty salaries.

e. If the average faculty salary at a community college is eighty-five percent (85%) or less of the national average community college faculty salary, the college may transfer up to two percent (2%) of the State funds allocated to it for faculty salaries.

Except as provided by subdivision (2) of this subsection, a community college shall not transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by this subsection.

(2) With the approval of the State Board of Community Colleges, a community college at which the average faculty salary is eighty-five percent (85%) or less of the national average may transfer a greater

percentage of the State funds allocated to it for faculty salaries than is authorized by sub-subdivision e. of subdivision (1) of this subsection. The State Board shall approve the transfer only for purposes that directly affect student services.

(3) A local community college may use all State funds allocated to it except for Literacy Funds and Funds for New and Expanding Industry Training to increase faculty salaries.

SECTION 8.3.(d) As used in this section:

(1) "Average faculty salary at a community college" means the total nine-month salary from all sources of all nine-month, full-time, curriculum faculty at the college, as determined by the North Carolina Community College System on October 1 of each year.

(2) "National average community college faculty salary" means the nine-month, full-time, curriculum salary average, as published by the Integrated Postsecondary Education Data System (IPEDS), for the most recent year for which data are available.

SECTION 8.3.(e) The State Board of Community Colleges shall adopt rules to implement the provisions of this section.

SECTION 8.3.(f) The State Board of Community Colleges shall report to the appropriations subcommittees on education, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Fiscal Research Division, and the Office of State Budget and Management by December 1, 2005, and every year thereafter through December 1, 2009, on the implementation of this section.

SECTION 8.3.(g) Funds appropriated in this act for salary increases shall be used to increase faculty and professional staff salaries by an average of two percent (2%). These increases are in addition to other salary increases provided for in this act and shall be calculated on the average salaries prior to the issuance of the compensation increase. Colleges may provide additional increases from funds available.

The State Board of Community Colleges shall adopt rules to ensure that these funds are used only to move faculty and professional staff to the respective national averages. These funds shall not be transferred by the State Board or used for any other budget purpose by the community colleges.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

WORKFORCE DEVELOPMENT PROGRAMS

SECTION 8.4.(a) Article 1 of Chapter 115D of the General Statutes is amended by adding a new G.S. 115D-5.1 to be entitled "Workforce Development Programs"; G.S. 115D-5(d) is recodified as G.S. 115D-5.1(a); G.S. 115D-5(k) is recodified as G.S. 115D-5.1(b); and G.S. 115D-5(i) is recodified as G.S. 115D-5.1(c).

SECTION 8.4.(b) G.S. 115D-5.1, as enacted by subsection (a) of this section, reads as rewritten:

"**§ 115D-5.1. Workforce Development Programs.**

(a) Community colleges shall assist in the preemployment and in-service training of employees in industry, business, agriculture, health occupation and governmental agencies. Such training shall include instruction on worker safety and health standards and practices applicable to the field of employment. The State Board of Community Colleges shall make appropriate regulations including the establishment of maximum hours of instruction which may be offered at State expense in each in-plant training program. No instructor or other employee of a community college shall engage in the normal management, supervisory and operational functions of the establishment in which the instruction is offered during the hours in which the instructor or other employee is employed for instructional or educational purposes.

(b) The North Carolina Community College System's New and Expanding Industry Training (NEIT) Program Guidelines, which were adopted by the State Board of Community Colleges on April 18, 1997, apply to all funds appropriated for the Program after June 30, 1997. A project approved as an exception under these Guidelines, or these Guidelines as modified by the State Board of Community Colleges, shall be approved for one year only.

(c) The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on September 1 of each year on expenditures for the New and Expanding Industry Training Program each fiscal year. The report shall include, for each company or individual that receives funds for the New and Expanding Industry Training Program:

(1) The total amount of funds received by the company or individual;

(2) The amount of funds per trainee received by the company or individual;

(3) The amount of funds received per trainee by the community college training the trainee;

(4) The number of trainees trained by company and by community college; and

(5) The number of years the companies or individuals have been funded.

(d) Funds available to the New and Expanding Industry Training Program shall not revert at the end of a fiscal year but shall remain available until expended.

(e) There is created within the North Carolina Community College System the Customized Industry Training (CIT) Program. The CIT Program shall offer programs and training services as new options for assisting existing business and industry to remain productive, profitable, and within the State. Before a business or industry qualifies to receive assistance under the CIT Program, the President of the North Carolina Community College System shall determine that:

(1) The business is making an appreciable capital investment;

(2) The business is deploying new technology; and

(3) The skills of the workers will be enhanced by the assistance.

The State Board shall report on an annual basis to the Joint Legislative Education Oversight Committee on:

(1) The total amount of funds received by a company under the CIT Program;
(2) The amount of funds per trainee received by that company;
(3) The amount of funds received per trainee by the community college delivering the training;
(4) The number of trainees trained by the company and community college; and
(5) The number of years that company has been funded.

The State Board shall adopt rules and policies to implement this section."

SECTION 8.4.(c) Notwithstanding any other provision of law, the State Board of Community Colleges may use funds appropriated to it for the New and Expanding Industry Training Program to operate programs under the Customized Industry Training Program.

SECTION 8.4.(d) G.S. 115D-5.1(d), as enacted by this section, becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

REPORT ON THE ADEQUACY OF MULTICAMPUS FUNDS

SECTION 8.5. The General Assembly finds that additional data are needed to determine the adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and colleges with off-campus centers shall report annually, beginning September 1, 2005, to the Community Colleges System Office on all expenditures by line item of funds used to support their multicampuses and off-campus centers. The Community Colleges System Office shall report on these expenditures to the Education Appropriation Subcommittees of the House of Representatives and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by October 1 of each year.

Notwithstanding any other provision of law, funds appropriated to the Community Colleges System Office for multicampus colleges or off-campus centers shall be used only for the administration of the multicampus college or off-campus center for which the funds were allotted. These funds shall not be transferred to any other campus or center, or used for any other purpose.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EDUCATION PROGRAM AUDITING FUNCTION

SECTION 8.6. G.S. 115D-5(m) reads as rewritten:

"(m) ~~The State Board of Community Colleges shall require auditors of community college programs to use a statistically valid sample size in performing program audits of community colleges.~~ The State Board of Community Colleges shall maintain an education program auditing function that conducts an annual audit of each community college operating under the provisions of this Chapter. The purpose of the annual audit shall be to ensure that college programs and related fiscal operations comply with State law, State regulations, State Board policies, and System Office guidance. The State

Board of Community Colleges shall require auditors of community college programs to use a statistically valid sample size in performing program audits of community colleges. All education program audit findings shall be forwarded to the college president, local college board of trustees, the State Board of Community Colleges, and the State Auditor. The State Board shall assess a twenty-five percent (25%) fiscal penalty in addition to the audit exception on all audits of both dollars and student membership hours excepted when the audit exceptions result from nonprocessing errors."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FERRY BOAT OPERATOR TRAINING FEASIBILITY STUDY

SECTION 8.7.(a) The State Board of Community Colleges, in consultation with the Ferry Division of the Department of Transportation, shall study the need for training for ferry boat operators. In conducting the study, the State Board shall consider the following:

(1) Types of training needed and whether it is feasible for the community colleges to provide this training.
(2) Estimated number of students.
(3) Estimated employment opportunities for the students.
(4) Start-up costs for the program and resources for those costs.
(5) Location of the training.

SECTION 8.7.(b) The State Board shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Transportation Oversight Committee on its findings and recommendations no later than December 1, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EXTEND THE SUNSET ON TRAINING AND REEMPLOYMENT CONTRIBUTIONS MADE BY EMPLOYERS

SECTION 8.8.(a) Section 8 of S.L. 1999-321, as amended by Section 30.5(f) of S.L. 2001-424, reads as rewritten:

"Section 8. Section 1 of this act is effective with respect to calendar quarters beginning on or after April 1, 1999. Section 7 of this act becomes effective July 1, 1999. The remainder of this act is effective with respect to calendar quarters beginning on or after January 1, 2000. ~~G.S. 96-6.1, as enacted by Section 2 of this act, is repealed effective with respect to calendar quarters beginning on or after January 1, 2006.~~"

SECTION 8.8.(b) G.S. 96-6.1 is amended by adding a new subsection to read:

"(c) Sunset. – This section is repealed effective with respect to calendar quarters beginning on or after January 1, 2011."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

COMMUNITY COLLEGE INNOVATIVE LEARNING FUND

SECTION 8.9. There is created within the North Carolina Community College System (NCCCS) The Innovative Learning Fund. The purpose of the Fund is to assist colleges with infrastructure needs as they evolve to meet the needs of the changing economy. The President of the NCCCS, in consultation with the State Board of Community Colleges, may make grants to qualified colleges of up to one million dollars ($1,000,000), for planning, equipment, or technology for innovative or lifelong learning centers. The NCCCS shall consult with the seven Economic Development Partnerships, the local boards of trustees, the constituent institutions of The University System when appropriate, and any other entity it deems necessary to prioritize and determine which projects should receive grants from the Fund. In awarding the grants, the President and the State Board shall consider the following:

(1) The Vision Plan of the Economic Development Partnership where the project will be located;
(2) The ability of the county to provide funding for the project;
(3) The maintenance of effort by the county to support the existing mission of the college;
(4) The impact the innovative learning center will have on economic development in the county and region; and
(5) The existence of any other innovative learning centers in the region.

Priority shall be given to projects that directly impact teacher education, allied health, economic development, or public safety.

Funds appropriated in this act for the Innovative Learning Fund shall not revert at the end of the 2005-2006 fiscal year but shall remain available until expended.

Requested by: Senators Rand, Lucas, Swindell, Garrou, Dalton, Hagan

CARRYFORWARD FOR COLLEGES IN ECONOMICALLY DISADVANTAGED COUNTIES

SECTION 8.10.(a) Notwithstanding G.S. 143-18 or any other provision of law, a community college may retain and carry-forward its General Fund current operations credit balance remaining at the end of the fiscal year, if the county in which the main campus of the community college is located:

(1) Is designated as a Tier 1 or Tier 2 county in accordance with G.S. 105-129.3;
(2) Had an unemployment rate greater than or equal to seven percent (7%) in calendar year 2004; and
(3) Is designated as a Low-Wealth County under Section 7.6 of this act, whose wealth as calculated by the Low-Wealth Formula is eighty percent (80%) or less of the State Average.

SECTION 8.10.(b) Colleges who serve counties that meet the criteria outlined in subsection (a) of this section, but whose main campuses are not located in such counties, may carry-forward the percentage of the funds remaining at the end of the fiscal year equal to the percentage of total full-time equivalent students served in

those counties that meet the criteria, as determined by the North Carolina Community Colleges System Office.

SECTION 8.10.(c) Allowable carryforwards under this section shall be calculated prior to the calculation of Performance Funding as described in G.S. 115D-31.3.

SECTION 8.10.(d) This section becomes effective June 30, 2005.

Requested by: Senators Rand, Lucas, Swindell, Garrou, Dalton, Hagan

DEFENSE TECHNOLOGY INNOVATION CENTER

SECTION 8.11. Funds appropriated in this act for North Carolina Electronics and Information Technologies Association's Defense Technology Innovation Center shall be used for the following:

(1) Site selection and acquisition, including the purchase or lease of real property to house the Center; the construction of buildings or other site structures; the improvement or refurbishment of existing structures to provide appropriate laboratory and administrative space; and the improvement of existing infrastructure at the facility, including improvements to utility, telecommunications, and Internet infrastructure.

(2) Equipment acquisition, including acquisition of laboratory equipment and supplies and office furniture, equipment, and supplies.

(3) Employment of staff to support the mission of the Center and to oversee day-to-day operations of the Center.

(4) Implementation of a comprehensive business and marketing plan for the Center.

(5) Development of a tenant screening process and the recruitment of appropriate tenants for the Center.

(6) Administration and operation of the Center and the development of a sustainable business plan for the Center.

Requested by: Senators Swindell, Lucas

COMMUNITY COLLEGE CAPITAL FUNDS

SECTION 8.12. Notwithstanding G.S. 115D-31 or any other provision of law, funds appropriated in this act for community college capital projects do not have to be matched by local funds.

Requested by: Senator Hunt

COMMUNITY COLLEGE TUITION LANGUAGE

SECTION 8.13. G.S. 115D-39 reads as rewritten:

"§ 115D-39. Student tuition and fees.

(a) The State Board of Community Colleges shall fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to this Chapter.

The receipts from all student tuition and fees, other than student activity fees, shall be State funds and shall be deposited as provided by regulations of the State Board of Community Colleges.

The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this Chapter; provided, however, that when an employer other than the armed services, as that term is defined in G.S. 116-143.3, pays tuition for an employee who is lawfully present in the United States to attend an institution operating pursuant to this Chapter and when the employee works at a North Carolina business location, the employer shall be charged the in-State tuition rate; provided further, however, a community college may charge in-State tuition to up to one percent (1%) of its out-of-state students, rounded up to the next whole number, to accommodate the families transferred by business, the families transferred by industry, or the civilian families transferred by the military, consistent with the provisions of G.S. 116-143.3, into the State. Notwithstanding these requirements, a refugee who lawfully entered the United ~~States~~ States, who remains lawfully within the United States, and who is living in this State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for community college tuition purposes as defined in G.S. 116-143.1(a)(2). ~~Also, a nonresident of the United States who has resided in North Carolina for a 12-month qualifying period and has filed an immigrant petition with the United States Immigration and Naturalization Service shall be considered a State resident for community college tuition purposes.~~

(b) In addition, any person lawfully admitted to the United ~~States~~ States, and who remains lawfully present in the United States, and who satisfied the qualifications for assignment to a public school set out under G.S. 115C-366 and graduated from the public school to which the student was assigned shall also be eligible for the State resident community college tuition rate. This subsection does not make a person a resident of North Carolina for any other purpose.

(c) In addition, a person sponsored under this subsection who is lawfully admitted to the United States and who remains lawfully present is eligible for the State resident community college tuition rate. For purposes of this subsection, a North Carolina nonprofit entity is a charitable or religious corporation as defined in G.S. 55A-1-40 that is incorporated in North Carolina and that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code, or a civic league incorporated in North Carolina under Chapter 55A of the General Statutes that is exempt from taxation under section 501(c)(4) of the Internal Revenue Code. A nonresident of the United States is sponsored by a North Carolina nonprofit entity if the student resides in North Carolina while attending the community college and the North Carolina nonprofit entity provides a signed affidavit to the community college verifying that the entity accepts financial responsibility for the student's tuition and any other required educational fees. Any North Carolina nonprofit entity that sponsors a nonresident of the United States under this subsection may sponsor no more than five nonresident students annually

under this subsection. This subsection does not make a person a resident of North Carolina for any other purpose."

PART IX. UNIVERSITIES

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC FLEXIBILITY GUIDELINES

SECTION 9.1. The Chancellor of each constituent institution shall report to the Board of Governors of The University of North Carolina on the management flexibility adjustments made to the General Fund budget codes in order to meet the reserve amounts for that institution. The President of The University of North Carolina shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes controlled by the Board in order to meet the reduction reserve amounts for those entities. The Board of Governors shall make a summary report to the Office of State Budget and Management and the Fiscal Research Division by December 31, 2005, on all reductions made by these entities and constituent institutions in order to reduce the budgets by the targeted amounts.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ENROLLMENT GROWTH FUND/ENCOURAGE PARTNERSHIPS FOR NEW 2 + 2 PROGRAMS

SECTION 9.2.(a) The University of North Carolina Board of Governors' Task Force on Meeting Teacher Supply and Demand called for the President to develop a plan for enrollment growth in the University System's teacher education programs to respond to the State's shortage of teachers. In a presentation to the Joint Legislative Education Oversight Committee and to the Board of Governors, a commitment was made to increase the number of teacher education graduates in 2005-2006 and in 2006-2007. The Office of the President of The University of North Carolina shall obtain plans from each campus as to how they will maintain their current enrollment in the teacher education programs and achieve their growth targets to ensure such increases in those programs occur. Plans may include using enrollment growth funds for targeted admissions, enhanced student support, and advising, recruiting, increases in faculty in necessary instructional areas that lead to certification, and other methods the Office of the President believes will achieve those results. The Office of the President shall report back to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee no later than December 30, 2005, on each campus's plan. No later than March 31, 2006, the Office of the President shall submit a report on progress towards meeting this priority for the 2006-2007 academic year, based on each campus's current students in the education programs, and the students who have been accepted for the 2006-2007 fiscal year who are enrolling in the education programs. The report shall also explain the distribution of enrollment growth funds by specific initiative.

SECTION 9.2.(b) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall strongly encourage the constituent institutions and the community colleges that do not currently have 2 + 2 programs that emphasize teacher education to design and enter into formal partnerships

to offer those 2 + 2 programs. The Board of Governors and the Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee by February 1, 2006, regarding the status of existing 2 + 2 programs and any new partnerships established.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC-NCCCS JOINT INITIATIVE FOR TEACHER EDUCATION AND RECRUITMENT

SECTION 9.3.(a) Funds appropriated in this act to The University of North Carolina for the UNC-NCCCS Joint Initiative for Teacher Education and Recruitment shall be used to establish eight positions. These individuals shall have an office in and work with staff in the Regional Alternative Licensure Centers of the Department of Public Instruction. Their responsibilities are to assist in increasing the number of certified teachers in the public schools of North Carolina. To accomplish this, their specific tasks are as follows:

(1) Resolve curriculum issues between The University of North Carolina campuses and the community colleges within each region to ensure seamless articulation;

(2) Serve as licensure advisors to prospective teachers and assist with individual reviews for lateral entry candidates;

(3) Offer admissions advice to community college students seeking to transfer to a four-year institution; and

(4) Recruit prospective teachers on community college campuses.

Funds have been included in the appropriation to ensure these staff members can travel routinely among all the University System campuses and community college sites within a region.

SECTION 9.3.(b) The results of this initiative shall be reported annually, and shall include at a minimum, the following performance outcomes by region in which the advisors are working:

(1) Number of community college students articulated and working toward teacher licensure, their "base" community college, and The University of North Carolina institution to which they have moved;

(2) Number of lateral entry teachers worked with by these advisors who are actively pursuing certification, and the number licensed;

(3) Head count of the number of students in the process of receiving courses towards certification, their home county, where/at what institution(s) they are taking the course(s), and whether they are taking the course by regular attendance or via distance education (or the respective percentages if both methods are being employed);

(4) Total full-time equivalencies (FTE's) and student credit hours that the head count in subdivision (3) of this subsection represents;

(5) Articulation issues and curriculum changes effectively made as a result of these advisors; and

(6) Articulation issues that are under discussion but have not been satisfactorily resolved.

SECTION 9.3.(c) These results shall be reported by September 1, 2006, and annually thereafter to the State Board of Education, the Board of Governors of The University of North Carolina, the State Board of Community Colleges, the Education Cabinet, the Joint Legislative Education Oversight Commission, and the Office of State Budget and Management.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ENROLLMENT GROWTH FUNDING MODEL

SECTION 9.4. The Office of State Budget and Management, jointly with The University of North Carolina and the Fiscal Research Division of the General Assembly, shall conduct a comprehensive review of the enrollment funding model to review the assumptions contained within each element of the formula, to obtain current benchmark information related to specific elements within the formula, and to examine the impact of alternative elements and assumptions. An alternative to the current model shall be the result of this analysis. This alternative shall be used to prepare a request for enrollment growth funding for the budget to be submitted for the 2006 Session of the General Assembly and shall be shown in comparison to the use of the current formula.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC-NCCCS 2+2 E-LEARNING INITIATIVE

SECTION 9.5. Funds appropriated in this act to The University of North Carolina and the North Carolina Community College System for the UNC-NCCCS 2+2 E-Learning Initiative shall be used to fund further development of online courses for 2+2 programs. Based on a mutually agreed upon decision by the State Board of Education Chairman, the President of the North Carolina Community College System, and the President of The University of North Carolina as to the areas of greatest need, funds are available to support joint technology development, systems to track student progress and articulation between a North Carolina community college and a University of North Carolina campus, and to develop technology to support online courses and 2+2 programs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.6.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of sixty-seven million two hundred forty-eight thousand sixteen dollars ($67,248,016) for fiscal year 2005-2006 and the sum of sixty-seven million six hundred thirty-eight thousand sixteen dollars ($67,638,016) for fiscal year 2006-2007; and to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for fiscal year 2005-2006 and the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for fiscal year

2006-2007. These funds shall be allocated by the North Carolina State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7.

The SEAA shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. The SEAA may make recommendations for redistribution of funds to The University of North Carolina and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.6.(b) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of seven hundred eighty thousand dollars ($780,000) for the 2005-2006 fiscal year and the sum of one million one hundred seventy thousand dollars ($1,170,000) for the 2006-2007 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium Teaching Scholarship Loan Program) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the Historically Black Colleges and Universities that do not have Teaching Fellows. An allocation of 20 grants of six thousand five hundred dollars ($6,500) each shall be given to the three universities without any Teaching Fellows for the purposes specified in this subsection.

The SEAA shall administer these funds and shall establish any additional criteria needed to award these scholarship loans, the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

SECTION 9.6.(c) If the interest income generated from the Escheat Fund is insufficient to pay the appropriations made in subsections (a) and (b) of this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum of four hundred million dollars ($400,000,000).

SECTION 9.6.(d) All obligations to students for uses of the funds set out in sections that were made before the date this act becomes law shall be fulfilled as to students who remain eligible under the provisions of the respective programs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

STUDY OF DISTANCE EDUCATION

SECTION 9.7. The Office of State Budget and Management shall conduct a study to identify and analyze the distance education programs at the institutions in the University System. The study shall identify any duplication in course and program offerings, leader courses and programs at campuses in a particular area of study, the cost of developing online courses, and determine which campuses are best suited to offer a

particular course or program of study. The findings of the study shall be reported to the Joint Legislative Education Oversight Committee no later than April 30, 2006.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

INFORMATION TECHNOLOGY PROCUREMENT

SECTION 9.8. For purposes of purchasing hardware, software licenses, and multiyear maintenance agreements, The University of North Carolina and its constituent institutions may participate in the aggregation of purchasing administered by the Office of State Technology Services, as defined in G.S. 147-33.72F. The Office of State Budget and Management shall conduct a cost comparison study of hardware, software license, and multiyear maintenance agreement purchases made by The University of North Carolina and its constituent institutions and by the Office of State Technology Services, to determine if further aggregation is cost-justified. The Study shall also include an analysis of aggregated purchases by the University System and the effect of educational discounts available to the University System. The report of comparative unit costs shall be completed by December 31, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

BOARD OF GOVERNORS' DENTAL SCHOLARSHIPS

SECTION 9.9.(a) The current Board of Governors' Dental Scholarship Program, under the purview of the Board of Governors of The University of North Carolina, shall make any awards to students admitted after July 1, 2005, as scholarship loan awards. The Board of Governors' Dental Scholarship Program is administered by the Board of Governors of The University of North Carolina. The Board of Governors' Dental Scholarship Program shall be used to provide a four-year scholarship loan of relevant tuition and fees, mandatory medical insurance, required laptop computers for first-year students, required dental equipment, and an annual payment of five thousand dollars ($5,000) per year to students who have been accepted for admission to the School of Dentistry at the University of North Carolina at Chapel Hill. The Board may adopt standards, including minimum grade point average and SAT scores, for awarding these scholarship loans to ensure that only the most qualified students receive them. The Board shall make an effort to identify and encourage minority and economically disadvantaged youth to enter the program. All scholarship loans shall be evidenced by notes made payable to the Board that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Board. The Board shall forgive the loan if, within seven years after graduation, the recipient practices dentistry in North Carolina for four years. The Board shall also forgive the loan if it finds that it is impossible for the recipient to practice medicine in North Carolina for four years, within seven years after graduation, because of the death or permanent disability of the recipient. All unused funds appropriated to or otherwise received by the Board for scholarships, all funds received as repayment of

scholarship loans, and all interest earned on these funds shall revert to the General Fund at the end of each fiscal year.

SECTION 9.9.(b) Any dental scholarship awarded prior to July 1, 2005, shall remain a scholarship and shall not be converted to a scholarship loan unless the recipient agrees to the conversion.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

BOARD OF GOVERNORS' MEDICAL SCHOLARSHIPS

SECTION 9.10.(a) The current Board of Governors' Medical Scholarship Program, under the purview of the Board of Governors of The University of North Carolina, shall make any awards to students admitted after July 1, 2005, as scholarship loan awards. The Board of Governors' Medical Scholarship Program is administered by the Board of Governors of The University of North Carolina. The Board of Governors' Medical Scholarship Program shall be used to provide a four-year scholarship loan of relevant tuition and fees, mandatory medical insurance, required laptop computers, and an annual payment of five thousand dollars ($5,000) per year to students who have been accepted for admission to either Duke University School of Medicine, Brody School of Medicine at East Carolina University, the University of North Carolina at Chapel Hill School of Medicine, or the Wake Forest University School of Medicine. The Board may adopt standards, including minimum grade point average and SAT scores, for awarding these scholarship loans to ensure that only the most qualified students receive them. The Board shall make an effort to identify and encourage minority and economically disadvantaged youth to enter the program. All scholarship loans shall be evidenced by notes made payable to the Board that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Board. The Board shall forgive the loan if, within seven years after graduation, the recipient practices medicine in North Carolina for four years. The Board shall also forgive the loan if it finds that it is impossible for the recipient to practice medicine in North Carolina for four years, within seven years after graduation, because of the death or permanent disability of the recipient. All unused funds appropriated to or otherwise received by the Board for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds, shall revert to the General Fund at the end of each fiscal year.

SECTION 9.10.(b) Any medical scholarship awarded prior to July 1, 2005, shall remain a scholarship and shall not be converted to a scholarship loan unless the recipient agrees to the conversion.

Requested by: Senators Swindell, Lucas, Garrou, Dalton, Hagan

TEACHER SCHOLARSHIPS FUNDS

SECTION 9.11.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding the following new section:

"**§ 116-209.38. Future Teachers of North Carolina Scholarship Loan Fund.**

(a) There is established the Future Teachers of North Carolina Scholarship Loan Fund. The purpose of the Fund is to provide a two-year scholarship loan of six thousand five hundred dollars ($6,500) per year for any North Carolina student pursuing a college degree to teach in the public schools of the State. The scholarship loan shall be paid only for the student's junior and senior years. The scholarship loan is available if the student is enrolled in a State institution of higher education or a private institution of higher education located in this State that has an accredited teacher preparation program for students planning to become certified teachers in North Carolina. The State Education Assistance Authority shall administer the Fund and shall award 100 scholarship loans annually.

(b) The Board of Governors of The University of North Carolina, in consultation with the State Board of Education and the State Board of Community Colleges, shall develop the criteria for awarding the scholarship loans under this section and shall adopt very stringent standards for awarding these scholarship loans to ensure that only the best students receive them. Additional criteria for awarding a scholarship loan under this section shall include all of the following:

(1) The student is one who either: (i) maintained a "B" or better average in college and is enrolled as a junior or senior in a teacher preparation program at any of the institutions described by subsection (a) of this section; or (ii) completed a college transfer curriculum at a community college in the State's community college system, maintained a "B" or better average in the community college courses, and is accepted and enrolled in a teacher preparation program at one of the institutions described by subsection (a) of this section.

(2) The student agrees to become certified in math, science, special education, or English as a Second Language and teach full-time in that subject area in a North Carolina public school for three years within four years after graduation.

(3) Any additional criteria that the Board of Governors of The University of North Carolina, in consultation with the State Board of Education and the State Board of Community Colleges, considers necessary to administer the Fund effectively.

(c) If a student who is awarded a scholarship loan under this section fails to comply with the provisions of this section or the terms of the agreement awarding the scholarship loan, then the student shall repay the full amount of the scholarship loan provided to the student and the appropriate amount of interest as determined by the State Education Assistance Authority.

(d) The Board of Governors of The University of North Carolina, the State Board of Education, and the State Board of Community Colleges shall: (i) prepare a clear written explanation of the Future Teachers of North Carolina Scholarship Fund and the information regarding the availability and criteria for awarding the scholarship loans, and (ii) shall provide that information to the appropriate counselors in each local school

system and the appropriate institutions of higher education and shall charge those counselors to inform students about the scholarship loans and to encourage them to apply for the scholarship loans.

(e) The Board of Governors of The University of North Carolina shall adopt rules to implement this section.

(f) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarship loans awarded from the Fund."

SECTION 9.11.(b) Of the funds appropriated in this act to the State Education Assistance Authority the sum of six hundred fifty thousand dollars ($650,000) for the 2005-2006 fiscal year and the sum of one million three hundred thousand dollars ($1,300,000) for the 2006-2007 fiscal year shall be used to implement this act.

Requested by: Senators Lucas, Swindell, Nesbitt, Garrou, Dalton, Hagan

UNC-ASHEVILLE RETAIN SALE PROCEEDS

SECTION 9.12. Notwithstanding any other provision of law, the University of North Carolina at Asheville may retain the proceeds from the sale of its existing chancellor's residence and appurtenant land. The University of North Carolina at Asheville may use the proceeds from the sale of its existing chancellor's residence and the appurtenant land to construct or otherwise acquire a new chancellor's residence. Proceeds from the sale not used for that purpose within two fiscal years of the sale shall revert to the General Fund.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC BOND PROJECT MODIFICATIONS

SECTION 9.13.(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 Elizabeth City State University by changing the scope of "Mitchell-Lewis Residence Hall-Comprehensive Renovation" to be a replacement project instead of a renovation. Section 2(a) of S.L. 2000-3 is therefore amended in the portion under Elizabeth City State University by replacing "Mitchell Lewis Residence Hall-Comprehensive Renovation" with "Mitchell Lewis Residence Hall-Replacement."

SECTION 9.13.(b) 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 Central University by the cancellation of "Latham Residence Hall-Comprehensive Renovation". The unused monies from "Latham Residence Hall-Comprehensive Renovation," should be transferred to "Eagleson Residence Hall-Comprehensive Renovation". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under North Carolina Central University by reducing the money allocated to "Latham Residence Hall-Comprehensive Renovation" by reducing that amount by two million three hundred seventy-three

thousand four hundred fifty-seven dollars ($2,373,457) to a total of one million thirty-eight thousand one hundred forty-three dollars ($1,038,143) and by increasing the allocation to "Eagleson Residence Hall-Comprehensive Renovation" by two million three hundred seventy-three thousand four hundred fifty-seven dollars ($2,373,457) to create a total allocation of nine million two hundred forty-two thousand nine hundred fifty-seven dollars ($9,242,957).

SECTION 9.13.(c) 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 the University of North Carolina at Wilmington by the cancellation of "King Hall Classroom Building-Comprehensive Renovation", and by transferring the unused funds to the following projects listed under the portion entitled University of North Carolina at Wilmington: "Academic & Classroom Facilities," "General Classroom Bldg,", "Hinton James Hall Classroom Bldg. – Comprehensive Renovation," "Friday Hall Laboratory Bldg. – Comprehensive Renovation," "Kenan Auditorium – Comprehensive Renovation." Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the University of North Carolina at Wilmington by:

(1) Reducing the allocation to "King Hall Classroom Building – Comprehensive Renovation" by three million one hundred sixty-eight thousand six hundred eighty-nine dollars ($3,168,689) to create a total allocation of three hundred fifty-eight thousand seven hundred eleven dollars ($358,711).

(2) Increasing the allocation to "General Classroom Building" by six hundred seventy-nine thousand seven hundred seventy-eight dollars ($679,778) to create a total allocation of thirteen million three hundred twenty-six thousand seven hundred seventy-eight dollars ($13,326,778).

(3) Increasing the allocation to "Academic & Classroom Facilities" by nine hundred ninety-one thousand one hundred twenty-three dollars ($991,123) to create a total allocation of thirty-four million twenty-three thousand two hundred twenty-three dollars ($34,023,223).

(4) Increasing the allocation to "Hinton James Hall Classroom Building – Comprehensive Renovation" by one hundred seventy-six thousand six hundred nine dollars ($176,609) to create a total allocation of two million eight hundred six thousand five hundred sixty-one dollars ($2,806,561).

(5) Increasing the allocation to "Kenan Auditorium – Comprehensive Renovation" by one hundred fifty-one thousand seven hundred forty-nine dollars ($151,749) to create a total allocation of two million seventy-three thousand seven hundred twenty-four dollars ($2,073,724).

(6) Increasing the allocation to "Friday Hall Laboratory Building – Comprehensive Renovation" by one million one hundred sixty-nine thousand four hundred thirty dollars ($1,169,430) to create a total allocation of eight million eight hundred sixty-two thousand eight hundred thirty dollars ($8,862,830).

SECTION 9.13.(d) 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 the University of North Carolina at Pembroke by the cancellation of "West Residence Hall – Comprehensive Renovation" and by transferring the unused funds to a new project, "North and Belk Residence Halls–Fire Safety Improvements and Renovations" and by the cancellation of "Campuswide Infrastructure Improvements" and by transferring those unused funds to a new project, "Biotechnology Teaching Labs and Classroom Building". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under University of North Carolina at Pembroke by:

(1) Reducing the allocation to "West Residence Hall – Comprehensive Renovation" by eight hundred seventy-nine thousand three hundred dollars ($879,300) to a total allocation of ninety-eight thousand dollars ($98,000).

(2) Reducing the allocation to "Campuswide Infrastructure Improvements" by one million seven hundred thirty thousand three hundred eighty-two dollars ($1,730,382) to a total allocation of two hundred sixty-six thousand two hundred eighteen dollars ($266,218).

(3) Adding a new project entitled "North and Belk Residence Halls – Fire Safety Improvements and Renovations $879,300".

(4) Adding a new project entitled "Biotechnology Teaching Labs and Classroom Building $1,730,382".

SECTION 9.13.(e) Nothing in this section is intended to supersede any other requirement of law or policy for approval of the substituted capital improvement projects.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

AMEND NC SCHOOL OF SCIENCE AND MATH TUITION GRANT

SECTION 9.14.(a) G.S. 116-238.1(f) reads as rewritten:

"(f) Notwithstanding any other provision of this section, no tuition grant awarded to a student under this section shall exceed the cost of ~~tuition of~~ attendance at the constituent institution at which the student is enrolled. If a student, who is eligible for a tuition grant under this subsection, also receives a scholarship or other grant covering the cost of ~~tuition~~ attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the State Education Assistance Authority. The State Education Assistance Authority shall reduce the amount of the tuition grant so that the sum of all grants and scholarship aid covering the cost of ~~tuition~~ attendance received by the

student, including the tuition grant under this section, shall not exceed the cost of ~~tuition~~ attendance for the constituent institution at which the student is enrolled. The cost of attendance, as used in this subsection, shall be determined by the State Education Assistance Authority for each constituent institution."

SECTION 9.14.(b) This section applies to any eligible student who is enrolled full-time in The University of North Carolina after July 1, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC-CHAPEL HILL CONTINUE TO OPERATE HORACE WILLIAMS AIRPORT

SECTION 9.15. The University of North Carolina at Chapel Hill shall operate the Horace Williams Airport and continue air transportation support for the Area Health Education Centers (AHEC) and the public from that location until AHEC's Medical Air Operations have access to, or utilize, the Raleigh-Durham International Airport (RDU) on a basis sufficient to serve adequately the needs of patients, physicians, and passengers associated with AHEC's statewide programs and activities. At that time, the University of North Carolina at Chapel Hill may close the Horace Williams Airport.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY FUNDS

SECTION 9.16. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2005-2006 fiscal year the sum of one million eighty-eight thousand nine hundred forty-one dollars ($1,088,941) shall be allocated to North Carolina Agricultural and Technical State University for agricultural and research extension programs. It is the intent of the General Assembly to fully fund these programs for the 2006-2007 fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

TRANSFER PROSPECTIVE TEACHER SCHOLARSHIP LOAN AND TEACHER ASSISTANT SCHOLARSHIP LOAN TO THE NC STATE EDUCATION ASSISTANCE AUTHORITY

SECTION 9.17.(a) The Scholarship Loan Fund for Prospective Teachers is transferred from the Department of Public Instruction to the State Education Assistance Authority. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6.

SECTION 9.17.(b) G.S. 115C-468 is recodified as G.S. 116-209.33. G.S. 115C-469, 115C-470, and 115C-472.1 are repealed. G.S. 115C-471 is recodified as G.S. 116-209.34.

SECTION 9.17.(c) G.S. 115C-468 recodified by subsection (b) of this section as G.S. 116-209.33 reads as rewritten:

"§ 116-209.33. ~~Establishment of fund.~~Scholarship Loan Fund for Prospective Teachers.

(a) There is established a revolving fund known as the "Scholarship Loan Fund for Prospective Teachers". The purpose of the Fund is to provide scholarship loans to qualified individuals who are pursuing college degrees to become teachers. The State Education Assistance Authority shall administer the Fund.

(b) ~~Criteria~~ The State Education Assistance Authority, in consultation with the State Board of Education, shall develop criteria for awarding scholarship loans from ~~the fund shall include measures~~ the Fund. These criteria shall include:

(1) Measures of academic performance including grade point averages, scores on standardized tests, class rank, and recommendations of guidance counselors and principals.

(2) North Carolina residency. – For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.

(3) The geographic areas or subjects of instruction in which the demand for teachers is greatest.

(4) To the extent practical, an equal number of scholarships shall be awarded in each of the State's Congressional Districts.

(5) Any additional criteria that the State Education Assistance Authority considers necessary to administer the Fund effectively, including the following:

a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.

b. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of teaching.

(c) The ~~Superintendent of Public Instruction~~State Education Assistance Authority may earmark each year up to twenty percent (20%) of the funds available for scholarship loans ~~each year~~under this section for awards to applicants ~~who have been employed for at least one year as teacher assistants and who are currently employed as teacher assistants. Preference for these scholarship loans from funds earmarked for teacher assistants shall be given first to applicants who worked as teacher assistants for at least five years and whose positions as teacher assistants were abolished and then to applicants who already hold a baccalaureate degree or who have already been formally admitted to an approved teacher education program in North Carolina. The criteria for awarding scholarship loans to applicants who worked as teacher assistants for at least five years and whose positions as teacher assistants were abolished shall include whether the teacher assistant has been admitted to an approved teacher education program in North Carolina.~~for the Teacher Assistant Scholarship Fund established in G.S. 116-209.35.

~~The Superintendent of Public Instruction may further earmark a portion of these funds each year for two-year awards to applicants who have been employed for at least~~

~~one year as teacher assistants to attend community colleges to get other skills of use in public schools or to get an early childhood associate degree. The provisions of this Article shall apply to these scholarship loans except that a recipient of one of these scholarship loans may receive credit upon the amount due by reason of the loan as provided in G.S. 115C-471(5) or by working in a nonteaching position in the North Carolina public schools or by working in a licensed child care center in North Carolina.~~"

SECTION 9.17.(d) G.S. 115C-471 recodified by subsection (b) of this section as G.S. 116-209.34 reads as rewritten:

"**§ 116-209.34. Fund administered by ~~State Superintendent of Public Instruction; rules and regulations.~~State Education Assistance Authority; rule-making authority.**

(a) ~~The Scholarship Loan Fund for Prospective Teachers shall be administered by the State Superintendent of Public Instruction, under rules adopted by the State Board of Education and subject to the following directions and limitations:~~The State Education Assistance Authority shall establish the terms and conditions for the scholarship loans consistent with the following:

(1) ~~Any resident of North Carolina who is interested in preparing to teach in the public schools of the State may apply in writing to the State Superintendent of Public Instruction for a regular scholarship loan in the amount of not more than two thousand five hundred dollars ($2,500) per academic school year. An applicant who has been employed for at least one year as a teacher assistant and who is currently employed as a teacher assistant may apply for a scholarship loan from funds earmarked for teacher assistants in the amount of not more than one thousand two hundred dollars ($1,200) per academic school year.~~The loan amount shall be not more than four thousand dollars ($4,000) per academic school year for a maximum of four years for applicants who are pursuing a college degree to become a teacher.

(2) All scholarship loans shall be evidenced by notes made payable to the ~~State Board of Education~~ Authority that bear interest at the rate of ten percent (10%) per ~~annum from and after September 1 following fulfillment by a prospective teacher of the requirements for a certificate based upon the entry level degree; or in the case of persons already teaching in the public schools who obtain scholarship loans, the notes shall bear interest at the prescribed rate from and after September 1 of the school year beginning immediately after the use of the scholarship loans; or in the event any such scholarship is terminated under the provisions of subdivision (3) of this section, the notes shall bear interest from the date of termination. A minor recipient who signs a note shall also obtain the endorsement thereon by a parent, if there be a living parent, unless the endorsement is waived by the Superintendent of Public Instruction. The minor recipient shall~~

~~be obligated upon the note as fully as if the recipient were of age and shall not be permitted to plead such minority as a defense in order to avoid the obligations undertaken upon the notes.~~year, beginning September 1 after graduation, or immediately after termination of the scholarship loan, whichever is earlier.

(3) ~~Each recipient of a scholarship loan under the provisions of this program shall be eligible for scholarship loans each year until the recipient has qualified for a certificate based upon the entry level degree, but the recipient shall not be so eligible for more than the minimum number of years normally required for qualifying for the certificate. The permanent withdrawal of any recipient from college or failure of the recipient to do college work in a manner acceptable to the State Superintendent of Public Instruction shall immediately forfeit the recipient's right to retain the scholarship and subject the scholarship to termination by the State Superintendent of Public Instruction in the Superintendent's discretion.~~ A scholarship loan shall be terminated upon the recipient's withdrawing from school or a finding by the Authority that the recipient fails to meet the standards set by the Authority. All terminated scholarships shall be regarded as vacant and subject to being awarded to other eligible persons.

~~(4) Except under emergency conditions applicable to the State Superintendent of Public Instruction, recipients of scholarship loans shall enter the public school system of North Carolina at the beginning of the next school term after qualifying for a certificate based upon the entry level degree or, in case of persons already teaching in the public schools, at the beginning of the next school term after the use of the loan. All teaching service for which the recipient of any scholarship loan is obligated shall be rendered by August 31 of the seventh school year following graduation.~~

~~(5)~~(4) ~~For each full school year taught in a North Carolina public school, the recipient of a scholarship loan shall receive credit upon the amount due by reason of the loan equal to the loan amount for a school year as provided in the note plus credit for the total interest accrued on that amount. Also, the recipient of the loan shall receive credit upon the total amount due by reason of all four years of the loan if the recipient teaches for three consecutive years.~~ The Authority shall forgive a four-year loan if, within seven years after graduation, the recipient teaches for four years at a North Carolina public school or at a school operated by the United States government in North Carolina. The Authority shall also forgive a four-year loan if, within seven years after graduation, the recipient teaches for three consecutive years, or for three years interrupted only by an approved leave of absence, at a North Carolina public school that is in a low-performing school system

or a school system on warning status at the time the recipient accepts employment with the local school administrative unit. ~~In lieu of teaching in the public school, a recipient may elect to pay in cash the full amount of scholarship loans received plus interest then due thereon or any part thereof that has not been canceled by the State Board of Education by reason of teaching service rendered.~~For loans of less than four years, the Authority shall forgive one year for each year the recipient teaches, within four years of graduation, at a North Carolina public school or a school operated by the United States government in North Carolina.

~~(6)~~(5) ~~If any recipient of a scholarship loan dies during the period of attendance at a college or university under a scholarship loan or before the scholarship loan is satisfied by payment or teaching service, any balance shall be automatically canceled.~~

~~If any recipient of a scholarship loan fails to fulfill the recipient's obligations under subdivision (4) of this section, other than as provided above, the amount of the loan and accrued interest, if any, shall be due and payable from the time of failure to fulfill the recipient's obligations.~~ The Authority may forgive or reduce any loan payment if the Authority considers that extenuating circumstances exist that would make teaching or repayment impossible.

~~(7)~~(6) ~~The State Superintendent of Public Instruction shall award scholarship loans with due consideration to factors and circumstances such as aptitude, purposefulness, scholarship, character, financial need, and geographic areas or subjects of instruction in which the demands for teachers are greatest. Since the primary purpose of this Article is to attract worthy young people to the teaching profession, preference for scholarship loans, except for the scholarship loans from funds earmarked for teacher assistants, shall be given to high school seniors in the awarding of scholarships. In awarding scholarship loans from funds earmarked for teacher assistants, preference shall be given to applicants who have already earned a baccalaureate degree or who have been formally admitted to an approved teacher education program in North Carolina.~~The Authority shall ensure that all repayments, including the accrued interest, are placed in the Fund.

(b) The State Education Assistance Authority, in consultation with the State Board of Education, shall adopt rules to implement G.S. 116-209.33, 116-209.34, and 116-209.35."

SECTION 9.17.(e) This section becomes effective January 1, 2006, and applies to scholarship loans awarded on or after that date.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNIVERSITY SYSTEM AND COMMUNITY COLLEGE SYSTEM JOINT STUDY OF HIGHER EDUCATION STRATEGY/AMEND REPORTING REQUIREMENT

SECTION 9.18. Section 6.2 of S.L. 2004-179 reads as rewritten:

"**SECTION 6.2.** These studies shall be designed to provide information and recommendations that will assist the General Assembly in setting priorities for funding to address the strategic higher education needs of the State. The Board of Governors, the State Board, and their consultant shall periodically report their findings to a higher education programming subcommittee of the Joint Legislative Education Oversight Committee. The two boards and their consultant shall report the preliminary results of the study to the General Assembly and to the Joint Legislative Education Oversight Committee by ~~April 15, 2005,~~ June 15, 2005, and shall file a final report and recommendations with the General Assembly and the Joint Legislative Education Oversight Committee no later than ~~December 31, 2005.~~December 31, 2006."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC RESEARCH INSTITUTIONS MAY INCREASE TUITION

SECTION 9.19.(a) G.S. 116-143 reads as rewritten:

"**§ 116-143. State-supported institutions of higher education required to charge tuition and fees.**

~~The~~ Except as provided in G.S. 116-143.6, the Board of Governors of the University of North Carolina shall fix the tuition and fees, not inconsistent with actions of the General Assembly, at the institutions enumerated in G.S. 116-4 in such amount or amounts as it may deem best, taking into consideration the nature of each institution and program of study and the cost of equipment and maintenance; and each institution shall charge and collect from each student, at the beginning of each semester or quarter, tuition, fees, and an amount sufficient to pay other expenses for the term.

In the event that said students are unable to pay the cost of tuition and required academic fees as the same may become due, in cash, the said several boards of trustees are hereby authorized and empowered, in their discretion, to accept the obligation of the student or students together with such collateral or security as they may deem necessary and proper, it being the purpose of this Article that all students in State institutions of higher learning shall be required to pay tuition, and that free tuition is hereby abolished.

Inasmuch as the giving of tuition and fee waivers, or especially reduced rates, represent in effect a variety of scholarship awards, the said practice is hereby prohibited except when expressly authorized by statute or by the Board of Governors of the University of North Carolina; and, furthermore, it is hereby directed and required that all budgeted funds expended for scholarships of any type must be clearly identified in budget reports.

Notwithstanding the above provision relating to the abolition of free tuition, the Board of Governors of the University of North Carolina may, in its discretion, provide regulations under which a full-time faculty member of the rank of full-time instructor or above, and any full-time staff member of the University of North Carolina may during

the period of normal employment enroll for not more than one course per semester in the University of North Carolina free of charge for tuition, provided such enrollment does not interfere with normal employment obligations and further provided that such enrollments are not counted for the purpose of receiving general fund appropriations."

SECTION 9.19.(b) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-143.6. Board of Trustees of a Doctoral/Research University-Extensive campus may increase tuition without approval of the Board of Governors.**

(a) Notwithstanding G.S. 116-11(7) and G.S. 116-143, the Board of Trustees of a constituent institution designated as a Doctoral/Research University-Extensive campus of The University of North Carolina may set undergraduate tuition for an academic year. In considering tuition, the Boards of Trustees shall take into account that undergraduate tuition for North Carolina residents shall remain affordable to ensure accessibility, as required by Section 9 of Article IX of the North Carolina Constitution, and shall take the appropriate steps to increase financial aid accordingly and to ensure that the annual undergraduate in-State tuition rate remains in the lowest quartile of that constituent institution's national public peers.

Any additional revenues derived from a tuition increase set under this section shall remain available for use on that campus and are in addition to the operating budgets approved by the General Assembly.

(b) If a Board of Trustees decides to increase tuition at a constituent institution, the institution shall notify the Board of Governors, the Office of State Budget and Management, and the Fiscal Research Division of the amount of increase, additional receipts anticipated, and the allocation of the funds among various programs in a format prescribed by the Board of Governors of The University of North Carolina."

SECTION 9.19.(c) This section applies to the 2005-2006 academic year and each subsequent academic year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

NC SPACE GRANT CONSORTIUM FUNDS

SECTION 9.20. Funds appropriated by this act to the North Carolina Space Grant Consortium shall be allocated only to constituent institutions of The University of North Carolina participating in the Consortium; no funds shall be allocated to any private institution as defined by G.S. 116-15(a2) that participates in the Consortium.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND

SECTION 9.21.(a) G.S. 116-41.15 reads as rewritten:

"**§ 116-41.15. Distinguished Professors Endowment Trust Fund; allocation; administration.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) On the basis of one three hundred thirty-four thousand dollar ($334,000) challenge grant for each six hundred sixty-six thousand dollars ($666,000) raised from private sources; or

(2) On the basis of one one hundred sixty-seven thousand dollar ($167,000) challenge grant for each three hundred thirty-three thousand dollars ($333,000) raised from private ~~sources.~~sources; or

(3) On the basis of one challenge grant of up to six hundred sixty-seven thousand dollars ($667,000) for funds raised from private sources in twice the amount of the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision ~~(1) or~~(1), subdivision ~~(2)~~ (2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on ~~a two-to-one basis.~~the basis of two dollars of private funds for every one dollar of State funds.

(b) For focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) On the basis of one five hundred thousand dollar ($500,000) challenge grant for each five hundred thousand dollars ($500,000) raised from private sources; or

(2) On the basis of one two hundred fifty thousand dollar ($250,000) challenge grant for each two hundred fifty thousand dollars ($250,000) raised from private ~~sources.~~sources; or

(3) On the basis of one challenge grant of up to one million dollars ($1,000,000) for funds raised from private sources in the same amount as the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision ~~(1) or~~(1), subdivision ~~(2)~~(2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on ~~a one-to-one basis.~~the basis of one dollar of private funds for every dollar of State funds.

(c) Matching funds shall come from contributions made after July 1, 1985, and pledged for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board of trustees shall establish its own Distinguished Professors Endowment Trust Fund, and shall maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private contributions and for the State matching funds for the challenge grants. The State matching funds shall be transferred to the constituent institution's Endowment Fund upon notification that the institution has received and deposited the appropriate amount required by this section in its own Distinguished Professors Endowment Trust Fund. Only the net income from that account shall be expended in support of the distinguished professorship thereby created."

SECTION 9.21.(b) G.S. 116-41.16 reads as rewritten:

"**§ 116-41.16. Distinguished Professors Endowment Trust Fund; contribution commitments.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

(1) A commitment to make a donation of at least six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143-31.4, and an initial payment of one hundred eleven thousand dollars ($111,000) to receive a grant described in G.S. 116-41.15(a)(1); or

(2) A commitment to make a donation of at least three hundred thirty-three thousand dollars ($333,000), as prescribed by G.S. 143-31.4, and an initial payment of fifty-five thousand five hundred dollars ($55,500) to receive a grant described in G.S. 116-41.15(a)~~(2);~~(2); or

(3) A commitment to make a donation in excess of six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143-31.4, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(a)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment and shall be made on or before the anniversary date of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair.

(b) For focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

(1) A commitment to make a donation of at least five hundred thousand dollars ($500,000), as prescribed by G.S. 143-31.4, and an initial payment of eighty-three thousand three hundred dollars ($83,300) to receive a grant described in G.S. 116-41.5(b)(1); or

(2) A commitment to make a donation of at least two hundred fifty thousand dollars ($250,000), as prescribed by G.S. 143-31.4, and an initial payment of forty-one thousand six hundred dollars ($41,600) to receive a grant described in G.S. 116-41.15(b)~~(2);~~(2); or

(3) A commitment to make a donation in excess of five hundred thousand dollars ($500,000), as prescribed by G.S. 143-31.4, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(b)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment. Pledged contributions may not be

matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair."

SECTION 9.21.(c) G.S. 116-41.17 reads as rewritten:

"**§ 116-41.17. Distinguished Professors Endowment Trust Fund; establishment of chairs.**

When the sum of the challenge grant and matching funds in the ~~Scholars'~~ Distinguished Professors Endowment Trust Fund reaches:

(1) One million dollars ($1,000,000), if the sum of funds described in ~~G.S. 116-41.15(1); or~~ G.S. 116-41.15(a)(1) or G.S. 116-41.15(b)(1); or

(2) Five hundred thousand dollars ($500,000), if the sum of funds described in ~~G.S. 116-41.15(2);~~G.S. 116-41.15(a)(2) or G.S. 116-41.15(b)(2); or

(3) An amount up to two million dollars ($2,000,000), if the sum of funds described in G.S. 116-41.15(a)(3) or G.S. 116-41.15(b)(3);

the board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs. The Board, in considering whether to approve the recommendation, shall include in its consideration the programs already existing in The University of North Carolina. If the Board approves the recommendation, the chair or chairs shall be established. The chair or chairs, the property of the constituent institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the option of the board of trustees."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC MAY ENCOURAGE THE ESTABLISHMENT OF PRIVATE, NONPROFIT CORPORATIONS TO SUPPORT THE UNIVERSITY SYSTEM AND ASSIGN UNC EMPLOYEES TO ASSIST WITH THOSE CORPORATIONS

SECTION 9.22. Article 1 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 2B. Private, Nonprofit Corporations.

"**§ 116-30.20. Establishment of private, nonprofit corporations.**

The Board of Governors of The University of North Carolina shall encourage the establishment of private, nonprofit corporations to support the constituent institutions of The University of North Carolina and The University System. The President of The University of North Carolina and the chancellors of the constituent institutions may assign employees to assist with the establishment and operation of a nonprofit corporation and may make available to the corporation office space, equipment, supplies, and other related resources; provided, the sole purpose of the corporation is to support The University of North Carolina or one or more of its constituent institutions.

The board of directors of each such private, nonprofit corporation shall secure and pay for the services of The University System's internal auditors or employ a certified

public accountant to conduct an audit of the financial accounts of the corporation. The board of directors shall transmit to the Board of Governors a copy of the annual financial audit report of the private, nonprofit corporation."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ELIMINATE REPORTING REQUIREMENT FOR SCHOOL ADMINISTRATOR TRAINING PROGRAMS

SECTION 9.23. G.S. 116-74.21 reads as rewritten:

"**§ 116-74.21. Establishment of a competitive proposal process for school administrator programs.**

(a) The Board of Governors shall develop and implement a competitive proposal process and criteria for assessing proposals to establish school administrator training programs within the constituent institutions of The University of North Carolina. To facilitate the development of the programs, program criteria, and the proposal process, the Board of Governors may convene a panel of national school administrator program experts and other professional training program experts to assist it in designing the program, the proposal process, and criteria for assessing the proposals.

(b) No more than 12 school administrator programs shall be established under the competitive proposal program. In selecting campus sites, the Board of Governors shall be sensitive to the racial, cultural, and geographic diversity of the State. Special priority shall be given to the following factors: (i) the historical background of the institutions in training educators; (ii) the ability of the sites to serve the geographic regions of the State, such as, the far west, the west, the triad, the piedmont, and the east; and, (iii) whether the type of roads and terrain in a region make commuting difficult. A school administrator program may provide for instruction at one or more campus sites.

(c) The Board of Governors shall study the issue of supply and demand of school administrators to determine the number of school administrators to be trained in the programs in each year of ~~each biennium. The Board of Governors shall report the results of this study to the Joint Legislative Education Oversight Committee no later than March 1, 1994, and annually thereafter.~~the biennium and report the results of this study to the Joint Legislative Education Oversight Committee no later than March 1 annually.

(d) The Board of Governors shall develop a budget for the programs established under subsection (a) of this section that reflects the resources necessary to establish and operate school administrator programs that meet the vision of the report submitted to the 1993 General Assembly by the Educational Leadership Task Force.

~~(e) The Board of Governors shall report annually on the implementation of the act no later than December 1 of each year.~~"

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

CONTINUE ACADEMIC COMMON MARKET PROGRAM

SECTION 9.24. Section 31.2 of S.L. 2001-424 reads as rewritten:

"**ACADEMIC COMMON MARKET ~~PILOT~~ PROGRAM**

SECTION 31.2.(a) The Southern Regional Education Board currently operates an Academic Common Market program. Under this program, qualified students from participating states may apply to attend programs at public universities in participating states that are not available in their home state's university system. North Carolina's participation for graduate programs would provide a cost-effective means of offering educational access for North Carolina residents. North Carolinians ~~would~~ will be able to attend graduate programs that are not available at The University of North Carolina at reduced rates, and the State would avoid the cost associated with the development of new academic programs.

SECTION 31.2.(b) The Board of Governors of The University of North Carolina may ~~establish a pilot program for~~ continue participation in the Southern Regional Education Board's Academic Common Market at the graduate program level. The Board of Governors shall examine the graduate programs offered in The University of North Carolina system and select for participation only those graduate programs that are likely to be unique or are not commonly available in other Southern Regional Education Board states. Out-of-state tuition shall be waived for students who are residents of other Southern Regional Education Board states and who are participating in the Academic Common Market program. If accepted into The University of North Carolina graduate programs that are part of the Academic Common Market, these students shall pay in-State tuition and shall be treated for all purposes of The University of North Carolina as residents of North Carolina. ~~Prior to the beginning of this pilot, the Board of Governors shall submit its list of graduate programs selected to be a part of the pilot program to the Joint Legislative Education Oversight Committee.~~

SECTION 31.2.(c) ~~The pilot programs established under this section shall terminate July 1, 2005. However, once~~ Once a student is enrolled in The University of North Carolina system under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program. The Board of Governors shall ~~report the success of~~ provide a report on the Academic Common Market program to the Joint Legislative Education Oversight Committee by ~~December 31, 2003, and by January 31, 2005, and the Committee may recommend changes, if any are appropriate, to the pilot program at either of those times.~~September 2007, and each biennium thereafter."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

TUITION WAIVER PROGRAM EXPANSION

SECTION 9.25.(a) G.S. 116-143.1 is amended by adding a new subsection to read:

"(m) Notwithstanding subsection (b) of this section, a person who is a full-time employee of The University of North Carolina, or is the spouse or dependent child of a full-time employee of The University of North Carolina, and who is a legal resident of North Carolina, qualifies as a resident for tuition purposes without having maintained that legal residence for at least 12 months immediately prior to his or her classification as a resident for tuition purposes."

SECTION 9.25.(b) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall study the feasibility of a tuition waiver exchange program under which full-time employees of The University of North Carolina would be allowed to take a specified number of courses at a community college without paying tuition, and full-time employees of a community college would be allowed to take a specified number of courses at a constituent institution of The University of North Carolina without paying tuition. The Boards shall report the results of this study to the Joint Legislative Education Oversight Committee by April 1, 2006.

Requested by: Senators Lucas, Swindell, Kerr, Jenkins, Garrou, Dalton, Hagan

BRODY SCHOOL OF MEDICINE AT ECU/MEDICARE RECEIPTS/FAMILY MEDICINE CENTER

SECTION 9.26.(a) G.S. 116-36.6 reads as rewritten:

"**§ 116-36.6. Brody School of Medicine at East Carolina ~~University School of Medicine;~~ University; Medicare receipts.**

The Brody School of Medicine at East Carolina University ~~School of Medicine~~ shall request, on a regular basis consistent with the State's cash management plan, funds earned by the School from Medicare reimbursements for education costs. Upon receipt, these funds shall be allocated as follows:

(1) The portion of the Medicare reimbursement generated through the effort and expense of the Brody School of Medicine's Medical Faculty Practice Plan shall be transferred to the appropriate Medical Faculty Practice Plan account within the School of Medicine. The Medical Faculty Practice Plan shall assume responsibility for any of these funds that subsequently must be refunded due to final audit settlements.

~~(2) The funds from this source budgeted by the General Assembly as part of the School of Medicine's General Fund budget code shall be credited to that code as a receipt.~~

~~(3) The remainder of the funds shall be transferred to a special fund account on deposit with the State Treasurer. This special fund account shall be used for any necessary repayment of Medicare funds due to final audit settlements for funds allocated under subdivision (2) of this subsection. When the amount of these reimbursement funds has been finalized by audit for each year, those funds remaining in the special fund shall be available for specific capital improvement projects for the East Carolina University School of Medicine. Requests by East Carolina University for use of these funds shall be made to the Board of Governors of The University of North Carolina. Approval of projects by the Board of Governors shall be reported to the Joint Legislative Commission on Governmental Operations, and the reports shall include projected costs and sources of funds for operation of the approved projects.~~

(2a) Funds that were received pursuant to this section prior to July 1, 2005, and that were transferred to a special fund account on deposit with the State Treasurer are appropriated to the Brody School of Medicine at East Carolina University and may be expended by the Brody School of Medicine for the family medicine center and for purposes consistent with its stated mission."

SECTION 9.26.(b) Subsections (b) and (c) of Section 87 of Chapter 321 of the 1993 Session Laws are repealed.

SECTION 9.26.(c) Notwithstanding any other provisions of law, the Board of Governors of The University of North Carolina may authorize the design and construction of a new capital project, a family medicine center, on the Health Sciences Campus of the Brody School of Medicine at East Carolina University, that would replace the existing family medicine facility that has reached capacity. The family medicine center is also used as a clinical teaching site for medical students, and the existing facility is functionally outdated for this purpose. The cost of the facility is estimated to be thirty million dollars ($30,000,000). The Board of Governors of The University of North Carolina may authorize the financing of the project with funds available to the Brody School of Medicine at East Carolina University from Medicare reimbursements for education costs, gifts, grants, receipts, self-liquidating indebtedness, or other funds, or any combination of these funds, but not including funds appropriated from the General Fund of the State.

SECTION 9.26.(d) Effective July 1, 2005, the Brody School of Medicine Medical Faculty Practice Plan shall no longer be required to reimburse the General Fund for use of outpatient facilities built with General Fund monies.

SECTION 9.26.(e) Notwithstanding the Senate Appropriations/Base Budget Committee Report dated May 3, 2005, the item #72 ECU Brody School of Medicine/Medicare Receipts on page F-12 of the Report for the UNC System Budget is increased by $700,000 and a new item #78 is added to read as follows:

78 Strategic Initiative Reserves ($700,000)

Reduces this reserve fund from $4,000,000 to $3,300,000.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SCHOLARSHIP STUDENT

SECTION 9.27.(a) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-143.6. Full scholarship students attending constituent institutions.**

(a) Notwithstanding any other provision of law, any person who receives a full scholarship to a constituent institution and who attends the institution as an undergraduate student shall be considered and treated for all purposes of The University of North Carolina as a resident of North Carolina.

(b) The following definitions apply in this section:

(1) 'Full scholarship' means a grant that meets the full cost for a student to attend the constituent institution for an academic year.

(2) 'Full cost' means an amount calculated by the constituent institution that is no less than the sum of in-State tuition, required fees, on-campus room and board, and required course-related books.

(c) This section shall not be applied in any manner that violates federal law.

(d) No State funds shall be expended to offset any fiscal impact of this section."

SECTION 9.27.(b) This section applies to students who accept admission on or after July 1, 2005, to a constituent institution.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ENHANCE NUTRITION IN UNIVERSITY AND COMMUNITY COLLEGE FOOD PROGRAMS

SECTION 9.28. For nutritional purposes, the Board of Governors of The University of North Carolina and the State Board of Community Colleges shall adopt policies governing any food programs operated by the constituent institutions or local community colleges that prohibit: (i) the use of cooking oils in those food programs that contain trans-fatty acids, or (ii) the sale of processed foods containing trans-fatty acids that were formed during the commercial processing of the foods.

Requested by: Senators Lucas, Swindell, Snow, Garrou, Dalton, Hagan

GRANT-IN-AID/FIRE TRUCK FOR CULLOWHEE VOLUNTEER FIRE DEPT. TO HELP ENSURE ADEQUATE FIRE PROTECTION SERVICES TO WESTERN CAROLINA UNIVERSITY

SECTION 9.29. Of the funds appropriated from the General Fund to the Board of Governors of The University of North Carolina, the sum of seven hundred fifteen thousand dollars ($715,000) for the 2005-2006 fiscal year shall be allocated to Western Carolina University as a grant-in-aid for the Cullowhee Volunteer Fire Department, Inc., to use to purchase a 95-foot platform truck and equipment to ensure adequate fire protection services to Western Carolina University.

Requested by: Senators Shaw, Lucas, Swindell, Garrou, Dalton, Hagan

WAIVE TUITION FOR A PERSON OF A CERTAIN AGE WHO IS OR WAS A WARD OF THE STATE AND WHO ATTENDS CLASSES AT ANY CONSTITUENT INSTITUTION OF THE UNIVERSITY OF NORTH CAROLINA OR ANY COMMUNITY COLLEGE

SECTION 9.30.(a) G.S. 115B-2 is amended by adding a new subdivision to read:

"(5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, and (iii) is a resident of the State;"

SECTION 9.30.(b) G.S. 115B-5 is amended by adding a new subsection to read:

"(c) The officials of the institutions charged with administration of this Chapter may require proof to verify that a person applying to the institution under G.S. 115B-2(5) is eligible for the benefits provided by this Chapter."

Requested by: Senators Garrou, Dalton, Hagan

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA COMPENSATION

SECTION 29.12.(a) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2005-2006 and 2006-2007, to provide an average annual salary increase of the greater of five hundred dollars ($500.00) or two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2005, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). The percentage annual salary increase of two percent (2%) authorized by this section shall be made on an aggregated average basis, and these funds shall be allocated to individuals according to the rules adopted by the Board of Governors of The University of North Carolina or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SECTION 29.12.(a1) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal year 2006-2007, to provide an average annual salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Governors of The University of North Carolina or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SECTION 29.12.(b) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2005-2006 and 2006-2007, to provide an average annual salary increase of two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2005, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Trustees of the North Carolina School of Science and Mathematics and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SECTION 29.12.(b1) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for

Compensation Increases, created in this act for fiscal year 2006-2007, to provide an average annual salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Trustees of the North Carolina School of Science and Mathematics and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Requested by: Senators Garrou, Dalton, Hagan, Kerr, Albertson

NCSU SALARY INCREASES FOR AGRICULTURAL PROGRAM EMPLOYEES

SECTION 29.22. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina, the sum of two million dollars ($2,000,000) for the 2005-2006 fiscal year and the sum of two million dollars ($2,000,000) for the 2006-2007 fiscal year shall be used to support salary increases for Agricultural Program employees of North Carolina State University who are exempt from the State Personnel Act. These funds shall be allocated to individuals according to rules adopted by the Board of Governors of The University of North Carolina and may not be used for any other purpose other than for salary increases and the necessary employer contributions provided by this section.

Requested by: Senators Garrou, Dalton, Hagan

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 30.2. There is appropriated from the General Fund for the 2005-2006 fiscal year the following amount for capital improvements:

Capital Improvements – General Fund	**2005-2006**
Department of Commerce – State Ports Authority	
Ports of Wilmington and Morehead City	
for equipment, capital, and infrastructure	$ 5,000,000
Department of Environment and Natural Resources	
Water Resources Development Projects	14,760,000
Department of Health and Human Services	
Division of Public Health	100,000
University of North Carolina System – Board of Governors	
UNC-Chapel Hill – Renaissance Computing Institute	500,000
UNC-Greensboro and NC A&T Joint Millennium Campus	5,000,000
Winston-Salem State University – Laboratory Facility Planning Funds	750,000
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	**$ 26,110,000**

VISITOR REGISTRATION SHEET

APPROP/Subcommittee on Education — May 11, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Paul Anderson	HTC / Belmont
Michael Plunkett	NCAE
Mark Garner	University
Julie Woodard	NCPC
John McKay	GOV OFFICE
Ken Bays	NCCCS
Hal Miller	NCPECT
Joanne Stevens	NCATA / music
John Cyrus	NCSG
Rebecca Troutman	NCALL

VISITOR REGISTRATION SHEET

APPROP/Subcommittee on Education — May 11, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
	NCICU
Gene Causby	NCSFSA
	WCPSS
Molly Ryan	NCSBA
	NCFPC
	NCASA
	OSBM
Elizabeth Grovenstein	OSBM
Trey O'Quinn	OSBM
Kristen Grosson	OSBM
	NCCCS

VISITOR REGISTRATION SHEET

5-11-05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Abbey Reynolds	NCGA intern
[signature]	Gov's office
Jeanne Winin	NCSBA

Minutes

HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

May 12, 2005

The House Appropriations Subcommittee on Education met on Thursday, May 12, 2005, in room 421 of the Legislative Office Building at 8:30 A.M.

The following Representatives were present: Chairs - Maggie Jeffus, Joe Tolson, Doug Yongue; Members – Representatives Preston, Rapp, Bell, Cleveland, Fisher, Hilton, Parmon, and Pate. The Education Fiscal Research Division staff members present were: Adam Levinson, Richard Bostick, and Kristine Leggett.

Representative Jeffus, presiding chair, called the meeting to order.

Chair Jeffus recognized Mr. Adam Levinson for an overview of the Senate's special provisions regarding public schools and highlighted the ones requested by the Governor. Questions were posed and answered at the conclusion of Mr. Levinson's presentation.

Ms. Kristine Leggett covered the special provisions on community colleges. There were questions at the end of the presentation and answered.

Mr. Richard Bostick presented the section on universities. Questions were taken at the conclusion of the presentation and answered.

When the special provisions were finished the three staff members explained their section of the money report. They accepted questions from the members and answered.

There being no further business, Chair Jeffus adjourned the meeting at 9:50 A.M.

A visitor registration list, Sergeant-at-Arms list, House Page list, and handouts are attached (Attachment 1 and Attachment 2) and made a part of the minutes.

Respectfully submitted,

Rep. Maggie Jeffus
Representative Margaret (Maggie) M. Jeffus
Presiding Chair

Mary Lee Robinson
Mary Lee Robinson
Committee Assistant

Attachment 1

House Appropriations Subcommittee on Education
Senate Provisions

May 11, 2005

Adam Levinson

PART VII. PUBLIC SCHOOLS

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective for the 2005-2006 school year and for the 2006-2007 school year, the Director of the Budget shall transfer from the Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools funds necessary to implement the teacher salary schedules set out in subsection (b) of this section and for longevity in accordance with subsection (d) of this section, including funds for the employer's retirement and social security contributions 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.

SECTION 7.1.(b) The following monthly salary schedules shall apply for the 2005-2006 and the 2006-2007 fiscal years 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.

2005-2006 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	$2,545	N/A
1	$2,587	N/A
2	$2,631	N/A
3	$2,786	$3,120
4	$2,926	$3,278
5	$3,059	$3,427
6	$3,189	$3,571
7	$3,292	$3,687
8	$3,340	$3,740
9	$3,389	$3,795
10	$3,439	$3,851
11	$3,488	$3,906
12	$3,539	$3,963
13	$3,589	$4,019
14	$3,642	$4,079
15	$3,696	$4,140
16	$3,751	$4,202
17	$3,806	$4,263
18	$3,864	$4,328
19	$3,922	$4,393

20	$3,980	$4,458
21	$4,042	$4,528
22	$4,104	$4,596
23	$4,169	$4,669
24	$4,233	$4,740
25	$4,298	$4,813
26	$4,364	$4,887
27	$4,432	$4,963
28	$4,502	$5,043
29	$4,573	$5,122

2005-2006 Monthly Salary Schedule
"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,800	N/A
1	$2,846	N/A
2	$2,894	N/A
3	$3,063	$3,431
4	$3,219	$3,605
5	$3,366	$3,769
6	$3,507	$3,927
7	$3,621	$4,055
8	$3,673	$4,114
9	$3,727	$4,175
10	$3,782	$4,236
11	$3,837	$4,298
12	$3,892	$4,360
13	$3,947	$4,421
14	$4,006	$4,487
15	$4,065	$4,553
16	$4,126	$4,621
17	$4,188	$4,690
18	$4,250	$4,759
19	$4,315	$4,832
20	$4,379	$4,904
21	$4,447	$4,980
22	$4,514	$5,056
23	$4,585	$5,136
24	$4,656	$5,215

25	$4,726	$5,288
26	$4,795	$5,376
27	$4,875	$5,460
28	$4,952	$5,547
29	$5,031	$5,634

2006-2007 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	$2,574	N/A
1	$2,617	N/A
2	$2,661	N/A
3	$2,818	$3,156
4	$2,960	$3,315
5	$3,095	$3,466
6	$3,225	$3,612
7	$3,329	$3,729
8	$3,378	$3,783
9	$3,428	$3,839
10	$3,478	$3,896
11	$3,528	$3,951
12	$3,580	$4,009
13	$3,630	$4,066
14	$3,684	$4,126
15	$3,739	$4,187
16	$3,794	$4,250
17	$3,850	$4,312
18	$3,909	$4,378
19	$3,967	$4,443
20	$4,026	$4,509
21	$4,089	$4,580
22	$4,151	$4,649
23	$4,217	$4,723
24	$4,281	$4,795
25	$4,347	$4,869
26	$4,414	$4,944
27	$4,483	$5,021
28	$4,554	$5,101
29	$4,626	$5,181

2006-2007 Monthly Salary Schedule
"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,832	N/A
1	$2,879	N/A
2	$2,927	N/A
3	$3,099	$3,470
4	$3,256	$3,646
5	$3,404	$3,812
6	$3,547	$3,972
7	$3,663	$4,102
8	$3,715	$4,161
9	$3,770	$4,223
10	$3,826	$4,284
11	$3,881	$4,347
12	$3,937	$4,410
13	$3,993	$4,472
14	$4,052	$4,539
15	$4,112	$4,605
16	$4,173	$4,674
17	$4,236	$4,744
18	$4,299	$4,814
19	$4,364	$4,888
20	$4,429	$4,961
21	$4,498	$5,038
22	$4,566	$5,114
23	$4,638	$5,195
24	$4,710	$5,275
25	$4,781	$5,355
26	$4,855	$5,438
27	$4,931	$5,523
28	$5,009	$5,611
29	$5,088	$5,699

SECTION 7.1.(c) Annual longevity payments for teachers shall be at the rate of 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. The longevity payment shall be paid in a lump sum once a year.

SECTION 7.1.(d) Certified public schoolteachers 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 schoolteachers 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 7.1.(e) 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 7.1.(f) 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.

SECTION 7.1.(g) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 7.1.(h) As used in this section, the term "teacher" shall also include instructional support personnel.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2.(a) Effective for the 2005-2006 school year and for the 2006-2007 school year, the Director of the Budget shall transfer from the Reserve for Compensation Increases funds necessary to implement the salary schedules for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 7.2.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2005-2006 fiscal year, commencing July 1, 2005, is as follows:

2005-2006
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	$3,256		-	-	-
5	$3,404	-	-	-	-
6	$3,547	-	-	-	-
7	$3,662	-	-	-	-
8	$3,715	$3,715	-	-	-
9	$3,769	$3,769	-	-	-
10	$3,825	$3,825	$3,880	-	-
11	$3,880	$3,880	$3,936	-	-
12	$3,936	$3,936	$3,993	$4,052	-
13	$3,993	$3,993	$4,052	$4,111	$4,173
14	$4,052	$4,052	$4,111	$4,173	$4,235
15	$4,111	$4,111	$4,173	$4,235	$4,298
16	$4,173	$4,173	$4,235	$4,298	$4,363
17	$4,235	$4,235	$4,298	$4,363	$4,428
18	$4,298	$4,298	$4,363	$4,428	$4,497
19	$4,363	$4,363	$4,428	$4,497	$4,565
20	$4,428	$4,428	$4,497	$4,565	$4,638
21	$4,497	$4,497	$4,565	$4,638	$4,708
22	$4,565	$4,565	$4,638	$4,708	$4,780
23	$4,638	$4,638	$4,708	$4,780	$4,855
24	$4,708	$4,708	$4,780	$4,855	$4,931
25	$4,780	$4,780	$4,855	$4,931	$5,008
26	$4,855	$4,855	$4,931	$5,008	$5,088
27	$4,931	$4,931	$5,008	$5,088	$5,189
28	$5,008	$5,008	$5,088	$5,189	$5,294
29	$5,088	$5,088	$5,189	$5,294	$5,400

30	$5,189	$5,189	$5,294	$5,400	$5,508
31	$5,294	$5,294	$5,400	$5,508	$5,617
32	-	$5,400	$5,508	$5,617	$5,730
33	-	-	$5,617	$5,730	$5,845
34	-	-	$5,730	$5,845	$5,962
35	-	-	-	$5,962	$6,081
36	-	-	-	$6,081	$6,203
37	-	-	-	-	$6,327

2005-2006

Principal and Assistant Principal Salary Schedules

Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
14	$4,298	-	-	-
15	$4,363	-	-	-
16	$4,428	$4,497	-	-
17	$4,497	$4,565	$4,708	-
18	$4,565	$4,638	$4,780	$4,855
19	$4,638	$4,708	$4,855	$4,931
20	$4,708	$4,780	$4,931	$5,008
21	$4,780	$4,855	$5,008	$5,088
22	$4,855	$4,931	$5,088	$5,189
23	$4,931	$5,008	$5,189	$5,294
24	$5,008	$5,088	$5,294	$5,400
25	$5,088	$5,189	$5,400	$5,508
26	$5,189	$5,294	$5,508	$5,617
27	$5,294	$5,400	$5,617	$5,730
28	$5,400	$5,508	$5,730	$5,845
29	$5,508	$5,617	$5,845	$5,962
30	$5,617	$5,730	$5,962	$6,081
31	$5,730	$5,845	$6,081	$6,203
32	$5,845	$5,962	$6,203	$6,327
33	$5,962	$6,081	$6,327	$6,453
34	$6,081	$6,203	$6,453	$6,583
35	$6,203	$6,327	$6,583	$6,714
36	$6,327	$6,453	$6,714	$6,847
37	$6,453	$6,583	$6,847	$6,985
38	$6,583	$6,714	$6,985	$7,124
39	-	$6,847	$7,124	$7,266
40	-	$6,985	$7,266	$7,412

41	-	-	$7,412	$7,560	

SECTION 7.2.(c) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2006-2007 fiscal year, commencing July 1, 2006, is as follows:

2006-2007
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	$3,297	-	-	-	-
5	$3,448	-	-	-	-
6	$3,593	-	-	-	-
7	$3,709	-	-	-	-
8	$3,762	$3,762	-	-	-
9	$3,817	$3,817	-	-	-
10	$3,874	$3,874	$3,930	-	-
11	$3,930	$3,930	$3,987	-	-
12	$3,987	$3,987	$4,044	$4,104	-
13	$4,044	$4,044	$4,104	$4,163	$4,226
14	$4,104	$4,104	$4,163	$4,226	$4,289
15	$4,163	$4,163	$4,226	$4,289	$4,353
16	$4,226	$4,226	$4,289	$4,353	$4,419
17	$4,289	$4,289	$4,353	$4,419	$4,484
18	$4,353	$4,353	$4,419	$4,484	$4,554
19	$4,419	$4,419	$4,484	$4,554	$4,623
20	$4,484	$4,484	$4,554	$4,623	$4,697
21	$4,554	$4,554	$4,623	$4,697	$4,769
22	$4,623	$4,623	$4,697	$4,769	$4,842
23	$4,697	$4,697	$4,769	$4,842	$4,917
24	$4,769	$4,769	$4,842	$4,917	$4,994
25	$4,842	$4,842	$4,917	$4,994	$5,072
26	$4,917	$4,917	$4,994	$5,072	$5,153
27	$4,994	$4,994	$5,072	$5,153	$5,256
28	$5,072	$5,072	$5,153	$5,256	$5,361
29	$5,153	$5,153	$5,256	$5,361	$5,469
30	$5,256	$5,256	$5,361	$5,469	$5,579
31	$5,361	$5,361	$5,469	$5,579	$5,689
32	-	$5,469	$5,579	$5,689	$5,803

33	-	-	$5,689	$5,803	$5,920
34	-	-	$5,803	$5,920	$6,039
35	-	-	-	$6,039	$6,158
36	-	-	-	$6,158	$6,282
37	-	-	-	-	$6,408

2006-2007
Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
14	$4,353	-	-	-
15	$4,419	-	-	-
16	$4,484	$4,554	-	-
17	$4,554	$4,623	$4,769	-
18	$4,623	$4,697	$4,842	$4,917
19	$4,697	$4,769	$4,917	$4,994
20	$4,769	$4,842	$4,994	$5,072
21	$4,842	$4,917	$5,072	$5,153
22	$4,917	$4,994	$5,153	$5,256
23	$4,994	$5,072	$5,256	$5,361
24	$5,072	$5,153	$5,361	$5,469
25	$5,153	$5,256	$5,469	$5,579
26	$5,256	$5,361	$5,579	$5,689
27	$5,361	$5,469	$5,689	$5,803
28	$5,469	$5,579	$5,803	$5,920
29	$5,579	$5,689	$5,920	$6,039
30	$5,689	$5,803	$6,039	$6,158
31	$5,803	$5,920	$6,158	$6,282
32	$5,920	$6,039	$6,282	$6,408
33	$6,039	$6,158	$6,408	$6,536
34	$6,158	$6,282	$6,536	$6,667
35	$6,282	$6,408	$6,667	$6,800
36	$6,408	$6,536	$6,800	$6,935
37	$6,536	$6,667	$6,935	$7,074
38	$6,667	$6,800	$7,074	$7,215
39		$6,935	$7,215	$7,359
40		$7,074	$7,359	$7,507

SECTION 7.2.(d) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative

schools and in cooperative innovative high 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 and in cooperative innovative high school programs 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 7.2.(e) 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 7.2.(f) 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 7.2.(g) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 7.2.(h) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number

of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

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

SECTION 7.2.(i) Participants in an approved full-time masters in school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. For the 2005-2006 fiscal year and subsequent fiscal years, the 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. The Principal Fellows Program or the school of education where the intern participates in a full-time masters in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7.2.(j) During the 2005-2006 fiscal year and the 2006-2007 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

CENTRAL OFFICE SALARIES

SECTION 7.3.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2005-2006 fiscal year, beginning July 1, 2005.

School Administrator I	$2,932	$5,506
School Administrator II	$3,112	$5,840
School Administrator III	$3,303	$6,195
School Administrator IV	$3,436	$6,442
School Administrator V	$3,574	$6,702
School Administrator VI	$3,792	$7,108
School Administrator VII	$3,945	$7,394

The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2006-2007 fiscal year, beginning July 1, 2006.

School Administrator I	$2,932	$5,671
School Administrator II	$3,112	$6,015
School Administrator III	$3,303	$6,380
School Administrator IV	$3,436	$6,636
School Administrator V	$3,574	$6,903

School Administrator VI	$3,792	$7,322
School Administrator VII	$3,945	$7,616

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.

SECTION 7.3.(b) The monthly salary ranges that follow apply to public school superintendents for the 2005-2006 fiscal year, beginning July 1, 2005.

Superintendent I	$4,187	$7,844
Superintendent II	$4,445	$8,318
Superintendent III	$4,716	$8,825
Superintendent IV	$5,005	$9,360
Superintendent V	$5,312	$9,931

The monthly salary ranges that follow apply to public school superintendents for the 2006-2007 fiscal year, beginning July 1, 2006.

Superintendent I	$4,187	$8,080
Superintendent II	$4,445	$8,568
Superintendent III	$4,716	$9,090
Superintendent IV	$5,005	$9,641
Superintendent V	$5,312	$10,229

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.

SECTION 7.3.(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.

SECTION 7.3.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers 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 pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers 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 under this section.

SECTION 7.3.(e) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 7.3.(f) The annual salary increase for all permanent full-time personnel paid from the Central Office Allotment who work a nine-, 10-, 11-, or

12-month work year schedule shall be the greater of five hundred dollars ($500.00) or two percent (2%), commencing July 1, 2005. The annual salary increase for all permanent full-time personnel paid from the Central Office Allotment who work a nine-, 10-, 11-, or 12-month work year schedule shall be the three percent (3%), commencing July 1, 2006. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing salary increases to these personnel.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

NONCERTIFIED PERSONNEL SALARY

SECTION 7.4.(a) The annual salary increase for permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be the greater of five hundred dollars ($500.00) or two percent (2%), commencing July 1, 2005.

The annual salary increase for permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be three percent (3%), commencing July 1, 2006.

SECTION 7.4.(b) Local boards of education shall increase the rates of pay for such employees who were employed for all or part of fiscal year 2004-2005 and who continue their employment for fiscal year 2005-2006 by providing an annual salary increase for employees of the greater of five hundred dollars ($500.00) or two percent (2%).

Local boards of education shall increase the rates of pay for such employees who were employed for all or part of fiscal year 2005-2006 and who continue their employment for fiscal year 2006-2007 by providing an annual salary increase for employees of three percent (3%).

For part-time employees, the pay increase shall be pro rata based on the number of hours worked.

SECTION 7.4.(c) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of the greater of five hundred dollars ($500.00) or two percent (2%) for the 2005-2006 fiscal year.

The State Board of Education may adopt salary ranges for noncertified personnel to support increases of three percent (3%) for the 2006-2007 fiscal year.

SECTION 7.4.(d) For the 2005-2006 fiscal year, permanent full-time employees who work a nine-, 10-, or 11-month work year schedule shall receive the five hundred dollars ($500.00) or the two percent (2%) annual increase provided by this act, whichever is greater.

For the 2006-2007 fiscal year, permanent full-time employees who work a nine-, 10-, or 11-month work year schedule shall receive the three percent (3%) annual increase provided by this act.

Requested by: Senator Lucas, Swindell, Garrou, Dalton, Hagan

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Effective July 1, 2005, any permanent certified personnel employed on July 1, 2003, and paid on the teacher salary schedule with 29+ years of experience shall receive a one-time bonus equivalent to the average increase of the 26 to 29 year steps. Effective July 1, 2005, any permanent personnel employed on July 1, 2004, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%).

Effective July 1, 2006, any permanent certified personnel employed on July 1, 2003, and paid on the teacher salary schedule with 29+ years of experience shall receive a one-time bonus equivalent to the average increase of the 26 to 29 year steps. Effective July 1, 2006, any permanent personnel employed on July 1, 2005, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%).

For permanent part-time personnel, the one-time bonus shall be adjusted pro rata. Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.6.(a) Funds for Supplemental Funding. – The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement. Therefore, funds are appropriated to State Aid to Local School Administrative Units for the 2005-2006 fiscal year and the 2006-2007 fiscal year to be used for supplemental funds for the schools.

SECTION 7.6.(b) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only: (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks; (ii) for salary supplements for instructional personnel and instructional support personnel; and (iii) to pay an amount not to exceed ten thousand dollars ($10,000) of the plant operation contract cost charged by the Department of Public Instruction for services.

Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and

its schools, such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

SECTION 7.6.(c) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:
   a. Anticipated county property tax revenue availability,
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
   c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521, and
   d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
   c. Add to the resulting amount the:
      1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
      2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
      3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:

a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,

b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,

c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,

d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(10a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(12) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(14) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(14a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.6.(d) Eligibility for Funds. – Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.6.(e) Allocation of Funds. – Except as provided in subsection (g) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units.

If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 7.6.(f) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.6.(g) Minimum Effort Required. – Counties that had effective tax rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received

pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only.

This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.6.(h) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2005-2007 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

SECTION 7.6.(i) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2006, if it determines that counties have supplanted funds.

SECTION 7.6.(j) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.7.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program enhancement teachers adequate to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least seven hundred forty thousand seventy-four dollars ($740,074), excluding textbooks for the 2005-2006 fiscal year and a base of seven hundred forty thousand seventy-four dollars ($740,074) for the 2006-2007 fiscal year.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 7.7.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2005-2007 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a

finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

SECTION 7.7.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be phased out over a two-year period. For the first year of ineligibility, the unit shall receive the same amount it received for the prior fiscal year. For the second year of ineligibility, it shall receive one-half of that amount.

If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the population of the county in which the local school administrative unit is located, funding for that unit shall be continued for five years after the unit becomes ineligible.

SECTION 7.7.(d) Definitions. – As used in this section:

(1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(2a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(3) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(4) "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(4a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.7.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2006, if it determines that counties have supplanted funds.

SECTION 7.7.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING

SECTION 7.8.(a) Funds are appropriated in this act to address the capacity needs of local school administrative units to meet the needs of disadvantaged students. Each local school administrative unit shall use funds allocated to it for disadvantaged student supplemental funding to implement a plan jointly developed by the unit and the LEA Assistance Program team. The plan shall be based upon the needs of students in the unit not achieving grade-level proficiency. The plan shall detail how these funds shall be used in conjunction with all other supplemental funding allotments such as Low-Wealth, Small County, At-Risk Student Services/Alternative Schools, and Improving Student Accountability, to provide instructional and other services that meet the educational needs of these students. Prior to the allotment of disadvantaged student supplemental funds, the plan shall be approved by the State Board of Education.

Funds received for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to:

(1) Provide instructional positions or instructional support positions and/or professional development;
(2) Provide intensive in-school and/or after-school remediation;
(3) Purchase diagnostic software and progress-monitoring tools; and
(4) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

SECTION 7.8.(b) Funds are appropriated in this act to evaluate the Disadvantaged Students Supplemental Funding Initiatives and Low-Wealth Initiatives. The State Board of Education shall use these funds to:

(1) Evaluate the strategies implemented by local school administrative units with Disadvantaged Student Supplemental Funds and Low-Wealth Funds and assess their impact on student performance; and
(2) Evaluate the efficiency and effectiveness of the technical assistance and support provided to local school administrative units by the Department of Public Instruction.

The State Board of Education shall report the results of the evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by February 15, 2006, and by January 15 of each subsequent year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

STUDENTS WITH LIMITED ENGLISH PROFICIENCY

SECTION 7.9.(a) The State Board of Education shall develop guidelines for identifying and providing services to students with limited proficiency in the English language.

The State Board shall allocate these funds to local school administrative units and to charter schools under a formula that takes into account the average percentage of students in the units or the charters over the past three years who have limited English proficiency. The State Board shall allocate funds to a unit or a charter school only if (i) average daily membership of the unit or the charter school includes at least 20 students with limited English proficiency or (ii) students with limited English proficiency comprise at least two and one-half percent (2.5%) of the average daily membership of the unit or charter school. For the portion of the funds that is allocated on the basis of the number of identified students, the maximum number of identified students for whom a unit or charter school receives funds shall not exceed ten and six-tenths percent (10.6%) of its average daily membership.

Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional supplies/equipment, transportation costs, and staff development of teachers for students with limited English proficiency.

A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds.

SECTION 7.9.(b) The Department of Public Instruction shall prepare a current head count of the number of students classified with limited English proficiency by December 1 of each year.

Students in the head count shall be assessed at least once every three years to determine their level of English proficiency. A student who scores "superior" on the standard English language proficiency assessment instrument used in this State shall not be included in the head count of students with limited English proficiency.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FLEXIBILITY FOR THE HIGHEST PRIORITY ELEMENTARY SCHOOLS

SECTION 7.10. The State Board of Education may allow high priority schools that have made high growth for three consecutive years to be removed from the list of high priority schools. If a local board of education chooses to have a school removed from the list of high priority schools, the additional high priority funding for that school shall be discontinued.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS

SECTION 7.11. The State Board of Education may use up to two hundred thousand dollars ($200,000) of the funds in the Alternative Schools/At-Risk Student allotment each year for the 2005-2006 fiscal year and for the 2006-2007 fiscal year to implement G.S. 115C-12(24).

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.12. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand eight hundred thirty-eight dollars and thirty-nine cents ($2,838.39) per child for a maximum of 169,164 children for the 2005-2006 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of the 2005-2006 allocated average daily membership in the local school administrative unit.

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

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.13. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of nine hundred twenty-six dollars and fifty-five cents ($926.55) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2005-2006 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 55,895 children for the 2005-2006 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.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY

SECTION 7.14.(a) Funds appropriated for the 2005-2006 and 2006-2007 fiscal years for Student Accountability Standards shall be used to assist students to perform at or above grade level in reading and mathematics in grades 3-8 as measured by the State's end-of-grade tests. The State Board of Education shall allocate these funds to LEAs based on the number of students who score at Level I or Level II on either reading or mathematics end-of-grade tests in grades 3-8. Funds in the allocation category shall be used to improve the academic performance of (i) students who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 or (ii) students who are performing at Level I or II on the writing tests in grades 4 and 7. These funds may also be used to improve the academic performance of students who are performing at Level I or II on the high school end-of-course tests. These funds shall not be transferred to other allocation categories or otherwise used for other purposes. Except as otherwise provided by law, local boards of education may transfer other funds available to them into this allocation category.

The principal of a school receiving these funds, in consultation with the faculty and the site-based management team, shall implement plans for expending these funds to improve the performance of students.

Local boards of education are encouraged to use federal funds such as Title I Comprehensive School Reform Development Funds and to examine the use of State funds to ensure that every student is performing at or above grade level in reading and mathematics.

These funds shall be allocated to local school administrative units for the 2005-2006 fiscal year within 30 days of the date this act becomes law.

SECTION 7.14.(b) Funds appropriated for Student Accountability Standards shall not revert at the end of each fiscal year but shall remain available for expenditure until August 31 of the subsequent fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LITIGATION RESERVE FUNDS

SECTION 7.15. The State Board of Education may expend up to five hundred thousand dollars ($500,000) each year for the 2005-2006 and 2006-2007 fiscal years from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

BASE BUDGET REDUCTION TO DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.16. Notwithstanding any other provision of law, the Department of Public Instruction may use salary reserve funds and other funds and may transfer funds within the Department's continuation budget to implement budget reductions for the 2005-2006 fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

REPLACEMENT SCHOOL BUSES FUNDS

SECTION 7.17.(a) The State Board of Education may impose any of the following conditions on allotments to local boards of education for replacement school buses:

(1) The local board of education shall 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 shall 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 Department of Administration, Division of Purchase and Contract, in cooperation with the State Board of Education, shall solicit bids for the direct purchase of school buses and activity buses and shall establish a statewide term contract for use by the State Board of Education. Local boards of education and other agencies shall be eligible to purchase from the statewide term contract. The State Board of Education shall also solicit bids for the financing of school buses.

(5) A bus financed pursuant to this section shall meet all federal motor vehicle safety regulations for school buses.

(6) Any other condition the State Board of Education considers appropriate.

SECTION 7.17.(b) Any term contract for the purchase or lease-purchase of school buses or school activity buses shall not require vendor payment of the electronic procurement transaction fee of the North Carolina E-Procurement Service.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EXPENDITURES FOR DRIVING ELIGIBILITY CERTIFICATES

SECTION 7.18. G.S. 115C-12(28) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(28) Duty to Develop Rules for Issuance of Driving Eligibility Certificates. – The State Board of Education shall adopt the following rules to assist schools in their administration of procedures necessary to implement G.S. 20-11 and G.S. 20-13.2:

a. To define what is equivalent to a high school diploma for the purposes of G.S. 20-11 and G.S. 20-13.2. These rules shall apply to all educational programs offered in the State by public schools, charter schools, nonpublic schools, or community colleges.

b. To establish the procedures a person who is or was enrolled in a public school or in a charter school must follow and the requirements that person shall meet to obtain a driving eligibility certificate.

c. To require the person who is required under G.S. 20-11(n) to sign the driving eligibility certificate to provide the certificate if he or she determines that one of the following requirements is met:

1. The person seeking the certificate is eligible for the certificate under G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).
2. The person seeking the certificate is eligible for the certificate under G.S. 20-11(n)(1) and G.S. 20-11(n1).

These rules shall apply to public schools and charter schools.

d. To provide for an appeal to an appropriate education authority by a person who is denied a driving eligibility certificate. These rules shall apply to public schools and charter schools.

e. To define exemplary student behavior and to define what constitutes the successful completion of a drug or alcohol treatment counseling program. These rules shall apply to public schools and charter schools.

The State Board also shall develop policies as to when it is appropriate to notify the Division of Motor Vehicles that a person who is or was enrolled in a public school or in a charter school no longer meets the requirements for a driving eligibility certificate.

The State Board shall develop a form for parents, guardians, or emancipated juveniles, as appropriate, to provide their written, irrevocable consent for a school to disclose to the Division of Motor Vehicles that the student no longer meets the conditions for a driving eligibility certificate under G.S. 20-11(n)(1) or G.S. 20-11(n1), if applicable, in the event that this disclosure is necessary to comply with G.S. 20-11 or G.S. 20-13.2. Other than identifying under which statutory subsection the student is no longer eligible, no other details or information concerning the student's school record shall be released pursuant to this consent. This form shall be used for students enrolled in public schools or charter schools.

The State Board of Education may use funds appropriated for drivers education to cover the costs of driving eligibility certificates."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

SECTION 7.19.(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 7.19.(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.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

CHARTER SCHOOL ADVISORY COMMITTEE/CHARTER SCHOOL EVALUATION

SECTION 7.20. The State Board of Education may spend up to fifty thousand dollars ($50,000) a year from State Aid to Local School Administrative Units for the 2005-2006 and 2006-2007 fiscal years to continue support of a charter school advisory committee and to continue to evaluate charter schools.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

MENTOR TEACHER FUNDS MAY BE USED FOR FULL-TIME MENTORS

SECTION 7.21.(a) The State Board of Education shall grant flexibility to a local board of education regarding the use of mentor funds to provide mentoring support, provided the local board submits a detailed plan on the use of the funds to the State Board and the State Board approves that plan. The plan shall include information on how all mentors in the local school administrative unit have been or will be adequately trained to provide mentoring support.

Local boards of education shall use funds allocated for mentor teachers to provide mentoring support to all State-paid newly certified teachers, second-year teachers who were assigned mentors during the prior school year, and entry-level instructional support personnel who have not previously been teachers.

SECTION 7.21.(b) The State Board, after consultation with the Professional Teaching Standards Commission, shall adopt standards for mentor training.

SECTION 7.21.(c) Each local board of education with a plan approved pursuant to subsection (a) of this section shall report to the State Board on the impact of its mentor program on teacher retention. The State Board shall analyze these reports to determine the characteristics of mentor programs that are most effective in retaining teachers and shall report its findings to the Joint Legislative Education Oversight Committee by October 15, 2006.

SECTION 7.21.(d) In addition to the report required in subsection (c) of this section, the State shall also evaluate the effectiveness of a representative sample of local mentor programs and report on its findings to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2006. The evaluation shall focus on quantitative evidence, quality of service delivery, and satisfaction of those involved. The report shall include the results of the evaluation and recommendations both for improving mentor programs generally and for an appropriate level of State support for mentor programs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

VISITING INTERNATIONAL EXCHANGE TEACHERS

SECTION 7.22.(a) G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(5a) Positions allocated for classroom teachers may be converted to dollar equivalents to contract for visiting international exchange teachers. These positions shall be converted at the statewide average salary for classroom teachers, including benefits. The converted funds shall be used only to cover the costs associated with bringing visiting international exchange teachers to the local school administrative unit through a State-approved visiting international exchange teacher program and supporting the visiting exchange teachers."

SECTION 7.22.(b) The Visiting International Faculty Program is a State-approved visiting international exchange teacher program.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.23.(a) The State Board of Education shall use funds appropriated in this act for State Aid to Local School Administrative Units to provide incentive funding for schools that met or 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:

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

a. Up to one thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and

b. Up to five hundred dollars ($500.00) for each teacher assistant.

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

a. Up to seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and

b. Up to three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 7.23.(b) The State Board of Education may use funds appropriated to the State Public School Fund for assistance teams to low-performing schools.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LEA ASSISTANCE PROGRAM

SECTION 7.24. Of the funds appropriated to the State Public School Fund, the State Board of Education shall use five hundred thousand dollars ($500,000) for the 2005-2006 fiscal year and five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year 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, 2006, and by December 15, 2007. 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. These funds shall not revert at the end of each fiscal year but shall remain available until expended for this purpose.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

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

SECTION 7.25.(a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2005-2006 and 2006-2007 fiscal years but shall remain available until expended.

SECTION 7.25.(b) This section becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PUBLIC SCHOOL BUILDING CAPITAL AND TECHNOLOGY FUND

SECTION 7.26.(a) The title of Article 38A of Chapter 115C of the General Statutes reads as rewritten:

"Article 38A.

Public School Building Capital and Technology Fund."

SECTION 7.26.(b) G.S. 115C-546.1 is amended by deleting the language "Public School Building Capital Fund" wherever it appears and substituting "Public School Building Capital and Technology Fund".

SECTION 7.26.(c) Notwithstanding the provisions of G.S. 115C-546.1(b), as rewritten by subsection (b) of this section, for the third and fourth quarters of the 2005-2006 fiscal year only, the Secretary of Revenue shall remit to the State Treasurer an amount equal to five sixty-ninths of the net collections received during the previous quarter by the Department of Revenue under G.S. 105-130.3. Of these funds, twenty-five million dollars ($25,000,000) each quarter shall be for credit to the State Public School Fund, and the remainder shall be for credit to the Public School Building Capital and Technology Fund.

The State Treasurer shall remit funds for credit to the Public School Building Capital and Technology Fund for the first and second quarters of the 2005-2006 fiscal year in accordance with G.S. 115C-546.1(b).

SECTION 7.26.(d) Notwithstanding the provisions of G.S. 115C-546.1(b), as rewritten by subsection (b) of this section, for the first and second quarters of the 2006-2007 fiscal year only, the Secretary of Revenue shall remit to the State Treasurer an amount equal to five sixty-ninths of the net collections received during the previous quarter by the Department of Revenue under G.S. 105-130.3. Of these funds, twenty million five hundred thousand dollars ($20,500,000) each quarter shall be for credit to the State Public School Fund, and the remainder shall be for credit to the Public School Building Capital and Technology Fund.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LEA SALES TAX REFUND REPORTING

SECTION 7.27.(a) G.S. 105-164.14(c) reads as rewritten:

"(c) Certain Governmental Entities. – A governmental entity listed in this subsection is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services, other than electricity and telecommunications service. Sales and use tax liability indirectly incurred by a governmental entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or

leased by the governmental entity and is being erected, altered, or repaired for use by the governmental entity is considered a sales or use tax liability incurred on direct purchases by the governmental entity for the purpose of this subsection. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the governmental entity's fiscal year. The Secretary shall make an annual report to the Department of Public Instruction and the Fiscal Research Division of the General Assembly by January 1 of the amount of refunds, identified by taxpayer, claimed under subdivisions (2b) and (2c) of this subsection over the preceding year.

This subsection applies only to the following governmental entities:

(1) A county.
(2) A city as defined in G.S. 160A-1.
(2a) A consolidated city-county as defined in G.S. 160B-2.
(2b) A local school administrative unit.
(2c) A joint agency created by interlocal agreement among local school administrative units pursuant to G.S. 160A-462 to jointly purchase food service-related materials, supplies, and equipment on their behalf.
(3) A metropolitan sewerage district or a metropolitan water district in this State.
(4) A water and sewer authority created under Chapter 162A of the General Statutes.
(5) A lake authority created by a board of county commissioners pursuant to an act of the General Assembly.
(6) A sanitary district.
(7) A regional solid waste management authority created pursuant to G.S. 153A-421.
(8) An area mental health, developmental disabilities, and substance abuse authority, other than a single-county area authority, established pursuant to Article 4 of Chapter 122C of the General Statutes.
(9) A district health department, or a public health authority created pursuant to Part 1A of Article 2 of Chapter 130A of the General Statutes.
(10) A regional council of governments created pursuant to G.S. 160A-470.
(11) A regional planning and economic development commission or a regional economic development commission created pursuant to Chapter 158 of the General Statutes.
(12) A regional planning commission created pursuant to G.S. 153A-391.
(13) A regional sports authority created pursuant to G.S. 160A-479.
(14) A public transportation authority created pursuant to Article 25 of Chapter 160A of the General Statutes.
(14a) A facility authority created pursuant to Part 4 of Article 20 of Chapter 160A of the General Statutes.

(15) A regional public transportation authority created pursuant to Article 26 of Chapter 160A of the General Statutes, or a regional transportation authority created pursuant to Article 27 of Chapter 160A of the General Statutes.

(16) A local airport authority that was created pursuant to a local act of the General Assembly.

(17) A joint agency created by interlocal agreement pursuant to G.S. 160A-462 to operate a public broadcasting television station.

(18) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.

(19) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.

(20) A constituent institution of The University of North Carolina, but only with respect to sales and use tax paid by it for tangible personal property or services that are eligible for refund under this subsection acquired by it through the expenditure of contract and grant funds.

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

(22) A regional natural gas district created pursuant to Article 28 of Chapter 160A of the General Statutes."

SECTION 7.27.(b) G.S. 105-259(b) is amended by adding a new subdivision to read:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person unless the disclosure is made for one of the following purposes:

...

(32) To provide the report required under G.S. 105-164.14(c) to the Department of Public Instruction and the Fiscal Research Division of the General Assembly."

SECTION 7.27.(c) In addition to the report required under G.S. 105-164.14(c), as amended by this section, the Secretary of Revenue shall make a report to the Department of Public Instruction and the Fiscal Research Division of the General Assembly within 30 days after this act becomes law of the amount of refunds, identified by taxpayer, claimed under subdivisions (2b) and (2c) of G.S. 105-164.14(c) during the 2002-2003, 2003-2004, and 2004-2005 fiscal years.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

REVIEW OF STANDARDS FOR MASTERS IN SCHOOL ADMINISTRATION PROGRAMS

SECTION 7.28. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall review standards for Masters in School Administration programs to ensure that appropriate competencies

related to teacher retention, teacher evaluations, teacher support programs, and teacher effectiveness are included and emphasized.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EVALUATION OF SCHOOL PRINCIPALS

SECTION 7.29. Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-286.1. Evaluations of principals.**

Local school administrative units shall evaluate all principals and assistant principals at least once each year. Either the superintendent or the superintendent's designee shall conduct the evaluations.

The State Board of Education shall ensure that the standards and criteria for the evaluations include the accountability measures of teacher retention, teacher support, and school climate. The State Board shall revise its evaluation instruments to include these measures. A local board shall use the performance standards and criteria adopted by the State Board unless the board develops an alternative evaluation that is properly validated and that includes standards and criteria similar to those adopted by the State Board."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLANNING TIME FOR TEACHERS

SECTION 7.30. The State Board of Education shall report on best practices from North Carolina schools for providing a minimum of five hours per week within the instructional day for planning, collaborating with colleagues and parents, and professional development, especially within elementary school schedules. The State Board shall submit its report to the Education Cabinet and to the Joint Legislative Education Oversight Committee by December 31, 2005.

The State Board shall disseminate this information about best practices to schools and school systems across the State.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ONLINE PROFESSIONAL DEVELOPMENT RESOURCE CENTER FOR TEACHERS AND PRINCIPALS

SECTION 7.31. The State Board of Education and the Department of Public Instruction shall develop a Web portal that catalogues high-quality professional development opportunities for teachers and principals.

The State Chief Information Officer must approve the system's information technology project plan before funds are spent for the implementation of this system.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

LEARN AND EARN HIGH SCHOOLS

SECTION 7.32.(a) Funds are appropriated in this act for the Learn and Earn high school workforce development program. The purpose of the program is to create

rigorous and relevant high school options that provide students with the opportunity and assistance to earn an associate degree or two years of college credit by the conclusion of the year after their senior year in high school. The State Board of Education shall work closely with the Education Cabinet and the New Schools Project in administering the program.

SECTION 7.32.(b) These funds shall be used to establish new high schools in which a local school administrative unit, two- and four-year colleges and universities, and local employers work together to ensure that high school and postsecondary college curricula operate seamlessly and meet the needs of participating employers.

Funds shall not be allotted until Learn and Earn high schools are certified as operational.

SECTION 7.32.(c) During the first year of its operation, a high school established under G.S. 115C-238.50 shall be allotted a principal regardless of the number of State-paid teachers assigned to the school or the number of students enrolled in the school.

SECTION 7.32.(d) The State Board of Education, in consultation with the State Board of Community Colleges and The University of North Carolina Board of Governors, shall conduct an annual evaluation of this program. The evaluation shall include measures as identified in G.S. 115C-238.55. It shall also include: (i) an accounting of how funds and personnel resources were utilized and their impact on student achievement, retention, and employability; (ii) recommended statutory and policy changes; and (iii) recommendations for improvement of the program. The State Board of Education shall report the results of this evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by January 15 of each fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FLEXIBILITY FOR HIGH SCHOOL INNOVATION

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

"Part 9. Cooperative Innovative High School Programs.

"**§ 115C-238.50. Purpose.**

(a) The purpose of this Part is to authorize ~~boards of trustees of community colleges and local boards of education to jointly establish~~ local boards of education to jointly establish with one or more boards of trustees cooperative innovative programs in high schools and ~~community~~ colleges or universities that will expand students' opportunities for educational success through high quality instructional programming. These cooperative innovative high school programs shall target:

(1) High school students who are at risk of dropping out of school before attaining a high school diploma; or

(2) High school students who would benefit from accelerated academic instruction.

(b) All the cooperative innovative high school programs established under this Part shall:

(1) Prepare students adequately for future learning in the workforce or in an institution of higher education.

(2) Expand students' educational opportunities within the public school system.

(3) Be centered on the core academic standards represented by the college preparatory or tech prep program of study as defined by the State Board of Education.

(4) Encourage the cooperative or shared use of resources, personnel, and facilities between public schools and ~~community colleges.~~ colleges or universities, or both.

(5) Integrate and emphasize both academic and technical skills necessary for students to be successful in a more demanding and changing workplace.

(6) Emphasize parental involvement and provide consistent counseling, advising, and parent conferencing so that parents and students can make responsible decisions regarding course taking and can track the students' academic progress and success.

(7) Be held accountable for meeting measurable student achievement results.

(8) Encourage the use of different and innovative teaching methods.

(9) Establish joint institutional responsibility and accountability for support of students and their success.

(10) Effectively utilize existing funding sources for high school, ~~community~~ college, university, and vocational programs and actively pursue new funding from other sources.

(11) Develop methods for early identification of potential participating students in the middle grades and through high school.

(12) Reduce the percentage of students needing remedial courses upon their initial entry from high school into a college or university.

(c) Programs developed under this Part that target students who are at risk of dropping out of high school before attaining a high school diploma shall:

(1) Provide these students with the opportunity to graduate from high school possessing the core academic skills needed for postsecondary education and high-skilled employment.

(2) Enable students to complete a technical or academic program in a field that is in high demand and has high wages.

(3) Set and achieve goals that significantly reduce dropout rates and raise high school and ~~community~~ college retention, certification, and degree completion rates.

(4) Enable students who complete these programs to pass employer exams, if applicable.

(d) Cooperative innovative high school programs that offer accelerated learning programs shall:

(1) Provide a flexible, customized program of instruction for students who would benefit from accelerated, higher level coursework or early graduation from high school.

(2) Enable students to obtain a high school diploma in less than four ~~years and~~ years, to begin or complete an associate degree ~~program or~~ program, to master a certificate or vocational ~~program.~~program, or to earn up to two years of college credit.

(3) Offer a college preparatory academic core and in-depth studies in a career or technical field that will lead to advanced programs or employment opportunities in engineering, health sciences, or teaching.

(e) Cooperative innovative high school programs may include the creation of a school within a school, a technical high school, or a high school or technical center located on the campus of a ~~community college.~~college or university.

(f) Students are eligible to attend these programs as early as ninth grade.

"**§ 115C-238.50A. Definitions.**

The following definitions apply in this Part:

(1) Constituent institution. – A constituent institution as defined in G.S. 116-2(4).

(2) Education partner. – An education partner as provided in G.S. 115C-238.52.

(3) Governing board. – The State Board of Community Colleges, the Board of Governors of The University of North Carolina, or the Board of the North Carolina Independent Colleges and Universities.

(4) Local board of trustees. – The board of trustees of a community college, constituent institution of The University of North Carolina, or private college located in North Carolina.

"**§ 115C-238.51. Application process.**

(a) A local board of education and ~~a~~ at least one local board of trustees ~~of a community college~~ shall jointly apply to establish a cooperative innovative high school program under this Part.

(b) The application shall contain at least the following information:

(1) A description of a program that implements the purposes in G.S. 115C-238.50.

(2) A statement of how the program relates to the Economic Vision Plan adopted for the economic development region in which the program is to be located.

(3) The facilities to be used by the program and the manner in which administrative services of the program are to be provided.

(4) A description of student academic and vocational achievement goals and the method of demonstrating that students have attained the skills and knowledge specified for those goals.

(5) A description of how the program will be operated, including budgeting, curriculum, transportation, and operating procedures.

(6) The process to be followed by the program to ensure parental involvement.

(7) The process by which students will be selected for and admitted to the program.

(8) A description of the funds that will be used and a proposed budget for the program. This description shall identify how the average daily membership (ADM) and full-time equivalent (FTE) students are counted.

(9) The qualifications required for individuals employed in the program.

(10) The number of students to be served.

(11) A description of how the program's effectiveness in meeting the purposes in G.S. 115C-238.50 will be measured.

(c) The application shall be submitted to the State Board of Education and the ~~State Board of Community Colleges~~ applicable governing Boards by November 1 of each year. The ~~State Board of Education and the State Board of Community Colleges~~ Boards shall appoint a joint advisory committee to review the applications and to recommend to the ~~State~~ Boards those programs that meet the requirements of this Part and that achieve the purposes set out in G.S. 115C-238.50.

(d) ~~The State Board of Education and the State Board of Community Colleges shall approve two cooperative innovative high school programs in each of the State's economic development regions.~~ The ~~State~~ Boards may approve programs recommended by the joint advisory committee or may approve other programs that were not recommended. The ~~State~~ Boards shall approve all applications by March 15 of each year. No application shall be approved unless the ~~State Boards~~ State Board of Education and the applicable governing Board find that the application meets the requirements set out in this Part and that granting the application would achieve the purposes set out in G.S. 115C-238.50. Priority shall be given to applications that are most likely to further State education policies, to address the economic development needs of the economic development regions in which they are located, and to strengthen the educational programs offered in the local school administrative units in which they are located.

"**§ 115C-238.52. Participation by other education partners.**

(a) Any or all of the following education partners may participate in the development of a cooperative innovative program under this Part that is targeted to high school students who would benefit from accelerated academic instruction:

~~(1) A constituent institution of The University of North Carolina.~~

~~(2) A private college or university located in North Carolina.~~

(3) A private business or organization.

(4) The county board of commissioners in the county in which the program is located.

(b) Any or all of the education partners listed in subsection (a) of this section that participate shall:

(1) Jointly apply with the local board of education and the local board of trustees ~~of the community college~~ to establish a cooperative innovative program under this Part.

(2) Be identified in the application.

(3) Sign the written agreement under G.S. 115C-238.53(b).

"§ 115C-238.53. Program operation.

(a) A program approved by the State ~~shall be~~ is accountable to the local board of education.

(b) A program approved under this Part shall operate under the terms of a written agreement signed by the local board of education, local board of ~~trustees of the community college,~~ trustees, State Board of Education, and ~~State Board of Community Colleges.~~ applicable governing Board. The agreement shall incorporate the information provided in the application, as modified during the approval process, and any terms and conditions imposed on the program by the State Board of Education and the ~~State Board of Community Colleges.~~ applicable governing Board. The agreement may be for a term of no longer than five school years.

(c) A program may be operated in a facility owned or leased by the local board of education, the local board of ~~trustees of the community college,~~ trustees, or the education partner, if any.

(d) A program approved under this Part shall provide instruction each school year for at least 180 days during nine calendar months, shall comply with laws and policies relating to the education of students with disabilities, and shall comply with Article 27 of this Chapter.

(e) A program approved under this Part may use State, federal, and local funds allocated to the local school administrative unit, to the ~~State Board of Community Colleges,~~ applicable governing Board, and to the ~~community~~ college or university to implement the program. If there is an education partner and if it is a public body, the program may use State, federal, and local funds allocated to that body.

(f) Except as provided in this Part and ~~pursuant to~~ under the terms of the agreement, a program is exempt from laws and rules applicable to a local board of education, a local school administrative unit, a community college, a constituent institution, or a local board of ~~trustees of a community college.~~ trustees.

"§ 115C-238.54. Funds for programs.

(a) The Department of Public Instruction shall assign a school code for each program that is approved under this Part. All positions and other State and federal allotments that are generated for this program shall be assigned to that school code. Notwithstanding G.S. 115C-105.25, once funds are assigned to that school code, the local board of education may use these funds for the program and may transfer these funds between funding allotment categories.

(b) The local board of trustees ~~of a community college~~ may allocate State and federal funds for a program that is approved under this Part.

(c) An education partner under G.S. 115C-238.52 that is a public body may allocate State, federal, and local funds for a program that is approved under this Part.

(d) If not an education partner under G.S. 115C-238.52, a county board of commissioners in a county where a program is located may nevertheless appropriate funds to a program approved under this Part.

(e) The local board of education and the local board of trustees ~~of the community college~~ are strongly encouraged to seek funds from sources other than State, federal, and local appropriations. They are strongly encouraged to seek funds the Education Cabinet identifies or obtains under G.S. 116C-4.

"§ 115C-238.55. Evaluation of programs.

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

SECTION 7.33.(b) It is the intent of the General Assembly that three cooperative innovative high school programs are established that emphasize the educational development of high school students in the areas of science and mathematics in a nonresidential setting. One of these programs shall be located in the eastern region of the State, one shall be located in the central region of the State, and one shall be located in the western region of the State. The State Board of Education shall begin planning for the design and implementation of these programs and shall report their plan to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly by March 15, 2006.

The plan shall include, but not be limited to, the following aspects of the proposed programs:

(1) Programmatic design including location, curriculum, student access, and calendar,
(2) Projected costs of operation, including instructional, administrative, transportation, capital, and other costs,
(3) Any plans for coordination with institutes of higher education,
(4) Proposed implementation schedule.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FUNDS FOR EDUCATION OF STUDENTS AT ECKERD YOUTH ALTERNATIVES THERAPEUTIC CAMP

SECTION 7.35. If a student is placed in an Eckerd Youth Alternatives therapeutic camp on the recommendation of a local school administrative unit, the unit shall transfer to the camp the State funds allocated to the unit for the education of the child. For each day that the child receives educational services at the camp, that unit shall pay 1/180 of the annual amount a charter school located in that unit would receive in State funds for that child, for a maximum of 180 days in a fiscal year. If the child is a child with special needs, the unit shall also be responsible for the State per pupil allocation for children with special needs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

MINIMIZE TIME DEVOTED TO STANDARDIZED TESTS

SECTION 7.37. G.S. 115C-174.12(a) reads as rewritten:

"(a) The State Board of Education shall establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing programs, for minimizing the frequency of field testing at any one school, and for otherwise carrying out the provisions of this Article. These policies and guidelines shall include the following:

(1) Schools shall devote no more than two days of instructional time per year to the taking of practice tests that do not have the primary purpose of assessing current student learning;

(2) Students in a school shall not be subject to field tests or national tests during the two-week period preceding the administration of end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams; and

(3) No school shall participate in more than two field tests at any one grade level during a school year unless that school volunteers, through a vote of its school improvement team, to participate in an expanded number of field tests.

These policies shall reflect standard testing practices to insure reliability and validity of the sample testing. The results of the field tests shall be used in the final design of each test. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment that are consistent with a child's individualized education program and section 504 (29 U.S.C. § 794) plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a child's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for students with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption.

The State Board of Education may appoint an Advisory Council on Testing to assist in carrying out its responsibilities under this Article."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EDUCATION CABINET

SECTION 7.38.(a) G.S. 116C-1(b) reads as rewritten:

"(b) The Education Cabinet shall consist of the Governor, who shall serve as chair, the President of The University of North Carolina, the State Superintendent of Public Instruction, the Chairman of the State Board of Education, the President of the North Carolina Community Colleges System, the Secretary of Health and Human Services, and the President of the North Carolina Independent Colleges and Universities. The Education Cabinet may invite other representatives of education to participate in its deliberations as adjunct members."

SECTION 7.38.(b) The Education Cabinet shall study:

(1) The extent to which school nurses, school social workers, and other instructional support personnel collaborate with each other and with local health, mental health, and social services providers to meet the needs of at-risk children and their families and to support the educational achievement of at-risk children; and

(2) The need for additional training for school nurses, school social workers, and other instructional support personnel on multidisciplinary assessments and on referral and care coordination for at-risk students and their families.

The Education Cabinet shall report the results of its study and its recommendations to the Joint Legislative Education Oversight Committee prior to April 15, 2006.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

THE CENTER FOR 21ST CENTURY SKILLS

SECTION 7.39.(a) The State Board of Education shall transfer funds appropriated for the Center for 21st Century Skills to the Office of the Governor. These funds shall be used for the establishment of the Center for 21st Century Skills within the North Carolina Business Committee for Education, Inc. The purpose of the Center shall be to design curriculum, teacher training, and student assessment to support students acquiring the knowledge and skills needed for the emerging workforce of the 21st century.

SECTION 7.39.(b) The North Carolina Business Committee for Education, Inc., and the Center for 21st Century Skills shall coordinate their efforts on high school reform with the North Carolina New Schools Project.

SECTION 7.39.(c) The North Carolina Business Committee for Education, Inc., and the Center for 21st Century Skills shall work with the North Carolina Science, Mathematics and Technology Education Center, the North Carolina School of Science and Mathematics, the North Carolina Board of Science and Technology, and the governing boards of education to research and propose options to create new or expand existing mathematics and science summer enrichment programs across the State and to establish nonresidential high schools focused on mathematics, science, and technology. The Center shall also support efforts of the Futures for Kids Program to connect students with the workforce needs of their home communities.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

TEACHER WORKING CONDITIONS INITIATIVE

SECTION 7.40.(a) Funds are appropriated in this act to continue the Governor's Teacher Working Conditions Survey. The State Board of Education shall use these funds: (i) for the administration of the survey by the Professional Teaching Standards Commission on a biennial basis, and (ii) to establish an advisory board to oversee implementation of recommendations from the survey.

SECTION 7.40.(b) The State Board of Education may supplement these funds with gifts or other private funds donated for this purpose.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLAN AND FUNDING FOR A VIRTUAL HIGH SCHOOL

SECTION 7.41.(a) The State Board of Education, the Board of Governors of The University of North Carolina, the Independent Colleges and Universities, and the State Board of Community Colleges shall develop E-learning standards and plans for infrastructures that provide virtual learning opportunities accessible to students and other citizens through all North Carolina schools, universities, and community colleges. In developing the plan for the public schools, the State Board of Education shall focus initially on high schools while also researching and developing, where appropriate, E-learning for middle schools, junior high schools, and elementary schools. E-learning programs shall support both teachers and students.

SECTION 7.41.(b) As used in this section, "E-learning" is electronic learning that includes a wide set of applications and processes, such as Web-based learning, computer-based learning, virtual classrooms, and digital collaboration. It includes the delivery of content via Internet, intranet/extranet (LAN/WAN), audiotape, videotape, satellite broadcast, interactive television, and CD-ROM.

SECTION 7.41.(c) It is the intent of the General Assembly to give public schools the highest priority in funding for and development of E-learning. Funding for E-learning should be a new appropriation and not come exclusively from existing funds.

SECTION 7.41.(d) The State Board of Education shall use funds appropriated for a virtual high school to establish and implement a pilot virtual high school during the 2005-2006 school year and the 2006-2007 school year.

The State Board of Education shall include in the pilot program instruction on personal financial literacy. This instruction shall be designed to equip students with the knowledge and skills they need, before they become self-supporting, to make critical decisions regarding their personal finances. The components of instruction shall include, at a minimum, consumer financial education, personal finance, and personal credit.

SECTION 7.41.(e) If the pilot program is successful, it is the intent of the General Assembly to provide funding to implement a virtual high school on a statewide basis for the 2006-2007 fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FEASIBILITY STUDY FOR DEVELOPING REGIONAL EDUCATION NETWORKS

SECTION 7.42. The North Carolina Rural Economic Development Center and the e-NC Authority, in collaboration with representatives from local school administrative units, The University of North Carolina, the State Board of Education, the State Chief Information Officer, and the Community College System shall perform a feasibility study on developing regional education networks that are centrally managed to provide and sustain broadband connectivity to individual students and teachers in schools, community colleges, and universities.

The study shall include an evaluation of existing technology infrastructures, such as the statewide infrastructure, the North Carolina Research and Education Network, or the regional infrastructure, Winston-Net. These state-of-the-art infrastructures may be capable of supporting growth in traffic and thus serve as a backbone infrastructure for delivering high-speed access to underserved regions.

The North Carolina Rural Economic Development Center and the e-NC Authority shall report the results of the study to the 2006 Regular Session of the 2005 General Assembly.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLAN FOR PROJECTING SCHOOL TECHNOLOGY FUNDING NEEDS

SECTION 7.43.(a) G.S. 115C-102.6A(c) reads as rewritten:

"(c) Components of the State school technology plan shall include at least the following:

...

(17) A baseline template for:

a. Technology infrastructure, including broadband connectivity, personnel recommendations, and other resources needed to operate effectively from the classroom desktop to local, regional, and State networks, and

b. An evaluation component that provides for local school administrative unit accountability for maintaining quality upgradeable systems."

SECTION 7.43.(b) No later than October 31, 2005, the Department of Public Instruction shall hold regional workshops for local school administrative units to provide guidance in developing local school system technology plans that meet the criteria established in the State school technology plan, including the components added under subsection (a) of this section. The State Chief Information Officer will assist with the regional meetings as needed to provide technical assistance.

SECTION 7.43.(c) G.S. 115C-102.7 is amended by adding the following new subsection to read:

"(c) The Department of Public Instruction shall randomly check local school system technology plans to ensure that local school administrative units are implementing their plans as approved. The Department shall report to the State Board of

Education and the State Chief Information Officer on which local school administrative units are not complying with their plans. The report shall include the reasons these local school administrative units are out of compliance and a recommended plan of action to support each of these local school administrative units in carrying out their plans."

SECTION 7.43.(d) The State Board of Education shall determine the total amount of funds needed for the recurring total cost of ownership to implement, maintain, and upgrade technology infrastructures and instructional technology as specified in the revised local school system technology plans. This shall include personnel costs for both technical and instructional needs so that a three- to five-year budget plan can be developed for the General Assembly.

SECTION 7.43.(e) The State Board of Education shall also study and identify the types of resources needed to operate schools designed to meet the needs of twenty-first century learners.

The State Board shall report the results of this study to the 2006 Regular Session of the 2005 General Assembly.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ANNUAL REPORT THAT HIGHLIGHTS THE IMPACT OF EDUCATION PREPARATION ON ECONOMIC GROWTH

SECTION 7.44. The North Carolina Board of Science and Technology shall prepare an annual report by county on the status of trends that reflect the impact of education on economic growth for the twenty-first century. This report shall contain information about the status of each county with regard to education and economic growth.

The Board shall provide the report to the Regular 2006 Session of the 2005 General Assembly and shall make the report available for citizens.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PROCESS FOR MORE ASSISTANCE FOR E-RATE

SECTION 7.45. In order to provide assistance to local school administrative units with E-rate applications, the Department of Public Instruction shall, within existing funds, ensure that a minimum of one full-time coordinator who has technical knowledge and skills is assigned this responsibility. The Department shall notify local school administrative units about the person or office assigned the responsibility of providing assistance with E-rate applications.

The Department shall provide the State Board of Education with an annual report on E-rate, including funding, commitments, and enrollment by local school administrative units.

As used in this section, "E-rate" is the mechanism to provide discount rates to support universal telecommunications services for use by schools and libraries as provided in section 254 of the federal Telecommunications Act of 1996.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

PLANNING FOR A STATE CENTRAL INFRASTRUCTURE OFFICE

SECTION 7.46.(a) The Office of State Budget and Management shall conduct a study to determine the feasibility of establishing a State Central Infrastructure Office that would collect and manage information for technology, water, sewer, and other utility infrastructures needed to assist communities in becoming and remaining economically viable.

SECTION 7.46.(b) The Office of State Budget and Management shall report the results of this study to the 2006 Regular Session of the 2005 General Assembly. The report shall include legislative proposals, including a proposal to define the term "infrastructure" in the General Statutes to include technology.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SCHOOL EMPLOYEE SALARY STUDY

SECTION 7.47. The Joint Legislative Education Oversight Committee shall study the current salary structure for teachers and other school employees. In the course of the study, the Committee shall:

(1) Develop a plan to get the State moving toward the national average in teacher salaries by 2008 and toward the top 10 states in the nation by 2010.

(2) Consider strategies for maintaining the lead in teacher salaries in the Southeastern United States.

(3) Consider the need to reduce the number of steps on the teacher salary schedule, increase the beginning teacher salary, and enable an individual to reach the maximum salary sooner.

(4) Perform a market-sensitive analysis of the skills and knowledge needed to be a successful teacher to determine what it takes to make the schedule attractive and competitive.

(4) Consider the placement of appropriate extraordinary increases on schedule for achievement of career status, teacher retention, and other purposes.

(5) Determine the need to modify the masters schedule differential.

(6) Determine the need to modify the alternative salary schedules to reward different levels of academic preparation and career accomplishments such as attainment of national certification.

(7) Consider the appropriate relationship of the school counselor's schedule to the schedules for other members of the school-based staff.

(8) Determine the need to modify the administrator salary schedule.

(9) Consider other matters the Committee deems appropriate.

The Committee shall report the results of its study to the 2006 Regular Session of the 2005 General Assembly.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

COMMISSION FOR A SOUND BASIC EDUCATION

SECTION 7.48.(a) The North Carolina Commission for a Sound Basic Education is hereby established. The Commission shall (i) investigate strategies and resources which contribute to the opportunity for North Carolina students to obtain a sound basic education, (ii) analyze all current plans for implementing the strategies developed to enhance every child's ability to fulfill his or her potential, and (iii) if necessary, provide a cost analysis for implementing those plans.

SECTION 7.48.(b) The Commission shall consist of six members appointed by the President Pro Tempore of the Senate and six members appointed by the Speaker of the House of Representatives. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Commission from their appointees.

SECTION 7.48.(c) The Commission shall appoint advisory members to assist it in its work. The advisory members shall include at least two parents of children in the public schools and representatives of State agencies, the Community College System, The University of North Carolina, education organizations, child health organizations, and child advocacy organizations.

SECTION 7.48.(d) The full commission shall meet on a monthly basis. The commission shall develop the necessary and appropriate committees and subcommittees to facilitate completion of its work. The committees and subcommittees shall meet as necessary to effectively conduct the work with which they are charged.

SECTION 7.48.(e) Only members of the Commission may vote on any matter before the Commission.

SECTION 7.48.(f) Members of the Commission and advisory members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION 7.48.(g) The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs. The Commission may meet in the Legislative Building or the Legislative Office Building.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. If the Commission hires a consultant, the consultant shall not be a State employee or a person currently under contract with the State to provide services.

All State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Commission in its work. The House

of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission.

SECTION 7.48.(h) The Commission shall provide opportunities for substantive and meaningful input into and development and review of the comprehensive plan by all stakeholders in the public education system. These stakeholders include, but are not limited to, students, parents, guardians, educators, school board members, education advocates, and child health professionals. Opportunities for input and review shall include (i) regional public forums, (ii) regular distribution to local newspapers statewide of details of its work and posting of the information on the Internet, (iii) providing stakeholders with the opportunity to identify representative members of stakeholder groups to be included as full participants in the Commission's deliberations, and (iv) open meetings of the Commission and any committees it may create.

SECTION 7.48.(i) The Commission shall make a final report to the General Assembly by January 15, 2006. The report shall include the details of the plans, the results of the cost analysis and a proposed budget, and any statutory changes necessary to implement the plans on a statewide basis.

SECTION 7.48.(j) The Commission shall terminate upon filing its final report or upon the convening of the 2006 Regular Session of the 2005 General Assembly, whichever is earlier.

SECTION 7.48.(k) Funds in the amount of two hundred thousand dollars ($200,000) are appropriated in this act to the General Assembly to carry out its work of the North Carolina Commission for a Sound Basic Education.

Adam Levinson finished

Kristine Leggett - began here

PART VIII. COMMUNITY COLLEGES

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 8.1.(a) Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2004-2005 fiscal year but shall remain available until expended.

SECTION 8.1.(b) The Community Colleges System Office shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the College Information System Project.

SECTION 8.1.(c) Subsection (a) of this section becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

CARRYFORWARD FOR EQUIPMENT

SECTION 8.2.(a) Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System Office may carry-forward an amount not to exceed fifteen million dollars ($15,000,000) of the operating funds that were not reverted in fiscal year 2004-2005 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These funds shall be distributed to colleges consistent with G.S. 115D-31.

SECTION 8.2.(b) This section becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.3.(a) 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) Associate Degree or Equivalent. – This education level includes faculty members who have an associate 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 8.3.(b) For the 2005-2006 school year, the minimum salaries for nine-month, full-time, curriculum community college faculty shall be as follows:

Education Level	Minimum Salary 2005-2006	Minimum Salary 2006-2007
Vocational Diploma/Certificate or Less	$29,652	$30,542
Associate Degree or Equivalent	$30,102	31,005

Bachelors Degree	$32,050	33,011
Masters Degree or Education Specialist	$33,777	34,790
Doctoral Degree	$36,269	37,357

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

SECTION 8.3.(c)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average, therefore:

a. If the average faculty salary at a community college is one hundred percent (100%) or more of the national average community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.

b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.

c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

d. If the average faculty salary at a community college is at least eighty-five percent (85%) but less than ninety percent (90%) of the national average community college faculty salary, the college may transfer up to three percent (3%) of the State funds allocated to it for faculty salaries.

e. If the average faculty salary at a community college is eighty-five percent (85%) or less of the national average community college faculty salary, the college may transfer up to two percent (2%) of the State funds allocated to it for faculty salaries.

Except as provided by subdivision (2) of this subsection, a community college shall not transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by this subsection.

(2) With the approval of the State Board of Community Colleges, a community college at which the average faculty salary is eighty-five percent (85%) or less of the national average may transfer a greater

percentage of the State funds allocated to it for faculty salaries than is authorized by sub-subdivision e. of subdivision (1) of this subsection. The State Board shall approve the transfer only for purposes that directly affect student services.

(3) A local community college may use all State funds allocated to it except for Literacy Funds and Funds for New and Expanding Industry Training to increase faculty salaries.

SECTION 8.3.(d) As used in this section:

(1) "Average faculty salary at a community college" means the total nine-month salary from all sources of all nine-month, full-time, curriculum faculty at the college, as determined by the North Carolina Community College System on October 1 of each year.

(2) "National average community college faculty salary" means the nine-month, full-time, curriculum salary average, as published by the Integrated Postsecondary Education Data System (IPEDS), for the most recent year for which data are available.

SECTION 8.3.(e) The State Board of Community Colleges shall adopt rules to implement the provisions of this section.

SECTION 8.3.(f) The State Board of Community Colleges shall report to the appropriations subcommittees on education, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Fiscal Research Division, and the Office of State Budget and Management by December 1, 2005, and every year thereafter through December 1, 2009, on the implementation of this section.

SECTION 8.3.(g) Funds appropriated in this act for salary increases shall be used to increase faculty and professional staff salaries by an average of two percent (2%). These increases are in addition to other salary increases provided for in this act and shall be calculated on the average salaries prior to the issuance of the compensation increase. Colleges may provide additional increases from funds available.

The State Board of Community Colleges shall adopt rules to ensure that these funds are used only to move faculty and professional staff to the respective national averages. These funds shall not be transferred by the State Board or used for any other budget purpose by the community colleges.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

WORKFORCE DEVELOPMENT PROGRAMS

SECTION 8.4.(a) Article 1 of Chapter 115D of the General Statutes is amended by adding a new G.S. 115D-5.1 to be entitled "Workforce Development Programs"; G.S. 115D-5(d) is recodified as G.S. 115D-5.1(a); G.S. 115D-5(k) is recodified as G.S. 115D-5.1(b); and G.S. 115D-5(i) is recodified as G.S. 115D-5.1(c).

SECTION 8.4.(b) G.S. 115D-5.1, as enacted by subsection (a) of this section, reads as rewritten:

"**§ 115D-5.1. Workforce Development Programs.**

(a) Community colleges shall assist in the preemployment and in-service training of employees in industry, business, agriculture, health occupation and governmental agencies. Such training shall include instruction on worker safety and health standards and practices applicable to the field of employment. The State Board of Community Colleges shall make appropriate regulations including the establishment of maximum hours of instruction which may be offered at State expense in each in-plant training program. No instructor or other employee of a community college shall engage in the normal management, supervisory and operational functions of the establishment in which the instruction is offered during the hours in which the instructor or other employee is employed for instructional or educational purposes.

(b) The North Carolina Community College System's New and Expanding Industry Training (NEIT) Program Guidelines, which were adopted by the State Board of Community Colleges on April 18, 1997, apply to all funds appropriated for the Program after June 30, 1997. A project approved as an exception under these Guidelines, or these Guidelines as modified by the State Board of Community Colleges, shall be approved for one year only.

(c) The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on September 1 of each year on expenditures for the New and Expanding Industry Training Program each fiscal year. The report shall include, for each company or individual that receives funds for the New and Expanding Industry Training Program:

(1) The total amount of funds received by the company or individual;

(2) The amount of funds per trainee received by the company or individual;

(3) The amount of funds received per trainee by the community college training the trainee;

(4) The number of trainees trained by company and by community college; and

(5) The number of years the companies or individuals have been funded.

(d) Funds available to the New and Expanding Industry Training Program shall not revert at the end of a fiscal year but shall remain available until expended.

(e) There is created within the North Carolina Community College System the Customized Industry Training (CIT) Program. The CIT Program shall offer programs and training services as new options for assisting existing business and industry to remain productive, profitable, and within the State. Before a business or industry qualifies to receive assistance under the CIT Program, the President of the North Carolina Community College System shall determine that:

(1) The business is making an appreciable capital investment;

(2) The business is deploying new technology; and

(3) The skills of the workers will be enhanced by the assistance.

The State Board shall report on an annual basis to the Joint Legislative Education Oversight Committee on:

(1) The total amount of funds received by a company under the CIT Program;

(2) The amount of funds per trainee received by that company;

(3) The amount of funds received per trainee by the community college delivering the training;

(4) The number of trainees trained by the company and community college; and

(5) The number of years that company has been funded.

The State Board shall adopt rules and policies to implement this section."

SECTION 8.4.(c) Notwithstanding any other provision of law, the State Board of Community Colleges may use funds appropriated to it for the New and Expanding Industry Training Program to operate programs under the Customized Industry Training Program.

SECTION 8.4.(d) G.S. 115D-5.1(d), as enacted by this section, becomes effective June 30, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

REPORT ON THE ADEQUACY OF MULTICAMPUS FUNDS

SECTION 8.5. The General Assembly finds that additional data are needed to determine the adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and colleges with off-campus centers shall report annually, beginning September 1, 2005, to the Community Colleges System Office on all expenditures by line item of funds used to support their multicampuses and off-campus centers. The Community Colleges System Office shall report on these expenditures to the Education Appropriation Subcommittees of the House of Representatives and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by October 1 of each year.

Notwithstanding any other provision of law, funds appropriated to the Community Colleges System Office for multicampus colleges or off-campus centers shall be used only for the administration of the multicampus college or off-campus center for which the funds were allotted. These funds shall not be transferred to any other campus or center, or used for any other purpose.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EDUCATION PROGRAM AUDITING FUNCTION

SECTION 8.6. G.S. 115D-5(m) reads as rewritten:

"(m) ~~The State Board of Community Colleges shall require auditors of community college programs to use a statistically valid sample size in performing program audits of community colleges.~~ The State Board of Community Colleges shall maintain an education program auditing function that conducts an annual audit of each community college operating under the provisions of this Chapter. The purpose of the annual audit shall be to ensure that college programs and related fiscal operations comply with State law, State regulations, State Board policies, and System Office guidance. The State

Board of Community Colleges shall require auditors of community college programs to use a statistically valid sample size in performing program audits of community colleges. All education program audit findings shall be forwarded to the college president, local college board of trustees, the State Board of Community Colleges, and the State Auditor. The State Board shall assess a twenty-five percent (25%) fiscal penalty in addition to the audit exception on all audits of both dollars and student membership hours excepted when the audit exceptions result from nonprocessing errors."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

FERRY BOAT OPERATOR TRAINING FEASIBILITY STUDY

SECTION 8.7.(a) The State Board of Community Colleges, in consultation with the Ferry Division of the Department of Transportation, shall study the need for training for ferry boat operators. In conducting the study, the State Board shall consider the following:

(1) Types of training needed and whether it is feasible for the community colleges to provide this training.
(2) Estimated number of students.
(3) Estimated employment opportunities for the students.
(4) Start-up costs for the program and resources for those costs.
(5) Location of the training.

SECTION 8.7.(b) The State Board shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Transportation Oversight Committee on its findings and recommendations no later than December 1, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

EXTEND THE SUNSET ON TRAINING AND REEMPLOYMENT CONTRIBUTIONS MADE BY EMPLOYERS

SECTION 8.8.(a) Section 8 of S.L. 1999-321, as amended by Section 30.5(f) of S.L. 2001-424, reads as rewritten:

"Section 8. Section 1 of this act is effective with respect to calendar quarters beginning on or after April 1, 1999. Section 7 of this act becomes effective July 1, 1999. The remainder of this act is effective with respect to calendar quarters beginning on or after January 1, 2000. ~~G.S. 96-6.1, as enacted by Section 2 of this act, is repealed effective with respect to calendar quarters beginning on or after January 1, 2006.~~"

SECTION 8.8.(b) G.S. 96-6.1 is amended by adding a new subsection to read:

"(c) Sunset. – This section is repealed effective with respect to calendar quarters beginning on or after January 1, 2011."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

COMMUNITY COLLEGE INNOVATIVE LEARNING FUND

SECTION 8.9. There is created within the North Carolina Community College System (NCCCS) The Innovative Learning Fund. The purpose of the Fund is to assist colleges with infrastructure needs as they evolve to meet the needs of the changing economy. The President of the NCCCS, in consultation with the State Board of Community Colleges, may make grants to qualified colleges of up to one million dollars ($1,000,000), for planning, equipment, or technology for innovative or lifelong learning centers. The NCCCS shall consult with the seven Economic Development Partnerships, the local boards of trustees, the constituent institutions of The University System when appropriate, and any other entity it deems necessary to prioritize and determine which projects should receive grants from the Fund. In awarding the grants, the President and the State Board shall consider the following:

(1) The Vision Plan of the Economic Development Partnership where the project will be located;
(2) The ability of the county to provide funding for the project;
(3) The maintenance of effort by the county to support the existing mission of the college;
(4) The impact the innovative learning center will have on economic development in the county and region; and
(5) The existence of any other innovative learning centers in the region.

Priority shall be given to projects that directly impact teacher education, allied health, economic development, or public safety.

Funds appropriated in this act for the Innovative Learning Fund shall not revert at the end of the 2005-2006 fiscal year but shall remain available until expended.

Requested by: Senators Rand, Lucas, Swindell, Garrou, Dalton, Hagan

CARRYFORWARD FOR COLLEGES IN ECONOMICALLY DISADVANTAGED COUNTIES

SECTION 8.10.(a) Notwithstanding G.S. 143-18 or any other provision of law, a community college may retain and carry-forward its General Fund current operations credit balance remaining at the end of the fiscal year, if the county in which the main campus of the community college is located:

(1) Is designated as a Tier 1 or Tier 2 county in accordance with G.S. 105-129.3;
(2) Had an unemployment rate greater than or equal to seven percent (7%) in calendar year 2004; and
(3) Is designated as a Low-Wealth County under Section 7.6 of this act, whose wealth as calculated by the Low-Wealth Formula is eighty percent (80%) or less of the State Average.

SECTION 8.10.(b) Colleges who serve counties that meet the criteria outlined in subsection (a) of this section, but whose main campuses are not located in such counties, may carry-forward the percentage of the funds remaining at the end of the fiscal year equal to the percentage of total full-time equivalent students served in

those counties that meet the criteria, as determined by the North Carolina Community Colleges System Office.

SECTION 8.10.(c) Allowable carryforwards under this section shall be calculated prior to the calculation of Performance Funding as described in G.S. 115D-31.3.

SECTION 8.10.(d) This section becomes effective June 30, 2005.

Requested by: Senators Rand, Lucas, Swindell, Garrou, Dalton, Hagan

DEFENSE TECHNOLOGY INNOVATION CENTER

SECTION 8.11. Funds appropriated in this act for North Carolina Electronics and Information Technologies Association's Defense Technology Innovation Center shall be used for the following:

(1) Site selection and acquisition, including the purchase or lease of real property to house the Center; the construction of buildings or other site structures; the improvement or refurbishment of existing structures to provide appropriate laboratory and administrative space; and the improvement of existing infrastructure at the facility, including improvements to utility, telecommunications, and Internet infrastructure.

(2) Equipment acquisition, including acquisition of laboratory equipment and supplies and office furniture, equipment, and supplies.

(3) Employment of staff to support the mission of the Center and to oversee day-to-day operations of the Center.

(4) Implementation of a comprehensive business and marketing plan for the Center.

(5) Development of a tenant screening process and the recruitment of appropriate tenants for the Center.

(6) Administration and operation of the Center and the development of a sustainable business plan for the Center.

Requested by: Senators Swindell, Lucas

COMMUNITY COLLEGE CAPITAL FUNDS

SECTION 8.12. Notwithstanding G.S. 115D-31 or any other provision of law, funds appropriated in this act for community college capital projects do not have to be matched by local funds.

Requested by: Senator Hunt

COMMUNITY COLLEGE TUITION LANGUAGE

SECTION 8.13. G.S. 115D-39 reads as rewritten:

"**§ 115D-39. Student tuition and fees.**

(a) The State Board of Community Colleges shall fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to this Chapter.

The receipts from all student tuition and fees, other than student activity fees, shall be State funds and shall be deposited as provided by regulations of the State Board of Community Colleges.

The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this Chapter; provided, however, that when an employer other than the armed services, as that term is defined in G.S. 116-143.3, pays tuition for an employee who is lawfully present in the United States to attend an institution operating pursuant to this Chapter and when the employee works at a North Carolina business location, the employer shall be charged the in-State tuition rate; provided further, however, a community college may charge in-State tuition to up to one percent (1%) of its out-of-state students, rounded up to the next whole number, to accommodate the families transferred by business, the families transferred by industry, or the civilian families transferred by the military, consistent with the provisions of G.S. 116-143.3, into the State. Notwithstanding these requirements, a refugee who lawfully entered the United ~~States~~ States, who remains lawfully within the United States, and who is living in this State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for community college tuition purposes as defined in G.S. 116-143.1(a)(2). ~~Also, a nonresident of the United States who has resided in North Carolina for a 12-month qualifying period and has filed an immigrant petition with the United States Immigration and Naturalization Service shall be considered a State resident for community college tuition purposes.~~

(b) In addition, any person lawfully admitted to the United ~~States~~ States, and who remains lawfully present in the United States, and who satisfied the qualifications for assignment to a public school set out under G.S. 115C-366 and graduated from the public school to which the student was assigned shall also be eligible for the State resident community college tuition rate. This subsection does not make a person a resident of North Carolina for any other purpose.

(c) In addition, a person sponsored under this subsection who is lawfully admitted to the United States and who remains lawfully present is eligible for the State resident community college tuition rate. For purposes of this subsection, a North Carolina nonprofit entity is a charitable or religious corporation as defined in G.S. 55A-1-40 that is incorporated in North Carolina and that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code, or a civic league incorporated in North Carolina under Chapter 55A of the General Statutes that is exempt from taxation under section 501(c)(4) of the Internal Revenue Code. A nonresident of the United States is sponsored by a North Carolina nonprofit entity if the student resides in North Carolina while attending the community college and the North Carolina nonprofit entity provides a signed affidavit to the community college verifying that the entity accepts financial responsibility for the student's tuition and any other required educational fees. Any North Carolina nonprofit entity that sponsors a nonresident of the United States under this subsection may sponsor no more than five nonresident students annually

under this subsection. This subsection does not make a person a resident of North Carolina for any other purpose."

Kristine ended.

Richard Bostick

PART IX. UNIVERSITIES

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC FLEXIBILITY GUIDELINES

SECTION 9.1. The Chancellor of each constituent institution shall report to the Board of Governors of The University of North Carolina on the management flexibility adjustments made to the General Fund budget codes in order to meet the reserve amounts for that institution. The President of The University of North Carolina shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes controlled by the Board in order to meet the reduction reserve amounts for those entities. The Board of Governors shall make a summary report to the Office of State Budget and Management and the Fiscal Research Division by December 31, 2005, on all reductions made by these entities and constituent institutions in order to reduce the budgets by the targeted amounts.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ENROLLMENT GROWTH FUND/ENCOURAGE PARTNERSHIPS FOR NEW 2 + 2 PROGRAMS

SECTION 9.2.(a) The University of North Carolina Board of Governors' Task Force on Meeting Teacher Supply and Demand called for the President to develop a plan for enrollment growth in the University System's teacher education programs to respond to the State's shortage of teachers. In a presentation to the Joint Legislative Education Oversight Committee and to the Board of Governors, a commitment was made to increase the number of teacher education graduates in 2005-2006 and in 2006-2007. The Office of the President of The University of North Carolina shall obtain plans from each campus as to how they will maintain their current enrollment in the teacher education programs and achieve their growth targets to ensure such increases in those programs occur. Plans may include using enrollment growth funds for targeted admissions, enhanced student support, and advising, recruiting, increases in faculty in necessary instructional areas that lead to certification, and other methods the Office of the President believes will achieve those results. The Office of the President shall report back to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee no later than December 30, 2005, on each campus's plan. No later than March 31, 2006, the Office of the President shall submit a report on progress towards meeting this priority for the 2006-2007 academic year, based on each campus's current students in the education programs, and the students who have been accepted for the 2006-2007 fiscal year who are enrolling in the education programs. The report shall also explain the distribution of enrollment growth funds by specific initiative.

SECTION 9.2.(b) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall strongly encourage the constituent institutions and the community colleges that do not currently have 2 + 2 programs that emphasize teacher education to design and enter into formal partnerships

to offer those 2 + 2 programs. The Board of Governors and the Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee by February 1, 2006, regarding the status of existing 2 + 2 programs and any new partnerships established.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC-NCCCS JOINT INITIATIVE FOR TEACHER EDUCATION AND RECRUITMENT

SECTION 9.3.(a) Funds appropriated in this act to The University of North Carolina for the UNC-NCCCS Joint Initiative for Teacher Education and Recruitment shall be used to establish eight positions. These individuals shall have an office in and work with staff in the Regional Alternative Licensure Centers of the Department of Public Instruction. Their responsibilities are to assist in increasing the number of certified teachers in the public schools of North Carolina. To accomplish this, their specific tasks are as follows:

(1) Resolve curriculum issues between The University of North Carolina campuses and the community colleges within each region to ensure seamless articulation;

(2) Serve as licensure advisors to prospective teachers and assist with individual reviews for lateral entry candidates;

(3) Offer admissions advice to community college students seeking to transfer to a four-year institution; and

(4) Recruit prospective teachers on community college campuses.

Funds have been included in the appropriation to ensure these staff members can travel routinely among all the University System campuses and community college sites within a region.

SECTION 9.3.(b) The results of this initiative shall be reported annually, and shall include at a minimum, the following performance outcomes by region in which the advisors are working:

(1) Number of community college students articulated and working toward teacher licensure, their "base" community college, and The University of North Carolina institution to which they have moved;

(2) Number of lateral entry teachers worked with by these advisors who are actively pursuing certification, and the number licensed;

(3) Head count of the number of students in the process of receiving courses towards certification, their home county, where/at what institution(s) they are taking the course(s), and whether they are taking the course by regular attendance or via distance education (or the respective percentages if both methods are being employed);

(4) Total full-time equivalencies (FTE's) and student credit hours that the head count in subdivision (3) of this subsection represents;

(5) Articulation issues and curriculum changes effectively made as a result of these advisors; and

(6) Articulation issues that are under discussion but have not been satisfactorily resolved.

SECTION 9.3.(c) These results shall be reported by September 1, 2006, and annually thereafter to the State Board of Education, the Board of Governors of The University of North Carolina, the State Board of Community Colleges, the Education Cabinet, the Joint Legislative Education Oversight Commission, and the Office of State Budget and Management.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ENROLLMENT GROWTH FUNDING MODEL

SECTION 9.4. The Office of State Budget and Management, jointly with The University of North Carolina and the Fiscal Research Division of the General Assembly, shall conduct a comprehensive review of the enrollment funding model to review the assumptions contained within each element of the formula, to obtain current benchmark information related to specific elements within the formula, and to examine the impact of alternative elements and assumptions. An alternative to the current model shall be the result of this analysis. This alternative shall be used to prepare a request for enrollment growth funding for the budget to be submitted for the 2006 Session of the General Assembly and shall be shown in comparison to the use of the current formula.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC-NCCCS 2+2 E-LEARNING INITIATIVE

SECTION 9.5. Funds appropriated in this act to The University of North Carolina and the North Carolina Community College System for the UNC-NCCCS 2+2 E-Learning Initiative shall be used to fund further development of online courses for 2+2 programs. Based on a mutually agreed upon decision by the State Board of Education Chairman, the President of the North Carolina Community College System, and the President of The University of North Carolina as to the areas of greatest need, funds are available to support joint technology development, systems to track student progress and articulation between a North Carolina community college and a University of North Carolina campus, and to develop technology to support online courses and 2+2 programs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.6.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of sixty-seven million two hundred forty-eight thousand sixteen dollars ($67,248,016) for fiscal year 2005-2006 and the sum of sixty-seven million six hundred thirty-eight thousand sixteen dollars ($67,638,016) for fiscal year 2006-2007; and to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for fiscal year 2005-2006 and the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for fiscal year

2006-2007. These funds shall be allocated by the North Carolina State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7.

The SEAA shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. The SEAA may make recommendations for redistribution of funds to The University of North Carolina and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.6.(b) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of seven hundred eighty thousand dollars ($780,000) for the 2005-2006 fiscal year and the sum of one million one hundred seventy thousand dollars ($1,170,000) for the 2006-2007 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium Teaching Scholarship Loan Program) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the Historically Black Colleges and Universities that do not have Teaching Fellows. An allocation of 20 grants of six thousand five hundred dollars ($6,500) each shall be given to the three universities without any Teaching Fellows for the purposes specified in this subsection.

The SEAA shall administer these funds and shall establish any additional criteria needed to award these scholarship loans, the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

SECTION 9.6.(c) If the interest income generated from the Escheat Fund is insufficient to pay the appropriations made in subsections (a) and (b) of this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum of four hundred million dollars ($400,000,000).

SECTION 9.6.(d) All obligations to students for uses of the funds set out in sections that were made before the date this act becomes law shall be fulfilled as to students who remain eligible under the provisions of the respective programs.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

STUDY OF DISTANCE EDUCATION

SECTION 9.7. The Office of State Budget and Management shall conduct a study to identify and analyze the distance education programs at the institutions in the University System. The study shall identify any duplication in course and program offerings, leader courses and programs at campuses in a particular area of study, the cost of developing online courses, and determine which campuses are best suited to offer a

particular course or program of study. The findings of the study shall be reported to the Joint Legislative Education Oversight Committee no later than April 30, 2006.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

INFORMATION TECHNOLOGY PROCUREMENT

SECTION 9.8. For purposes of purchasing hardware, software licenses, and multiyear maintenance agreements, The University of North Carolina and its constituent institutions may participate in the aggregation of purchasing administered by the Office of State Technology Services, as defined in G.S. 147-33.72F. The Office of State Budget and Management shall conduct a cost comparison study of hardware, software license, and multiyear maintenance agreement purchases made by The University of North Carolina and its constituent institutions and by the Office of State Technology Services, to determine if further aggregation is cost-justified. The Study shall also include an analysis of aggregated purchases by the University System and the effect of educational discounts available to the University System. The report of comparative unit costs shall be completed by December 31, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

BOARD OF GOVERNORS' DENTAL SCHOLARSHIPS

SECTION 9.9.(a) The current Board of Governors' Dental Scholarship Program, under the purview of the Board of Governors of The University of North Carolina, shall make any awards to students admitted after July 1, 2005, as scholarship loan awards. The Board of Governors' Dental Scholarship Program is administered by the Board of Governors of The University of North Carolina. The Board of Governors' Dental Scholarship Program shall be used to provide a four-year scholarship loan of relevant tuition and fees, mandatory medical insurance, required laptop computers for first-year students, required dental equipment, and an annual payment of five thousand dollars ($5,000) per year to students who have been accepted for admission to the School of Dentistry at the University of North Carolina at Chapel Hill. The Board may adopt standards, including minimum grade point average and SAT scores, for awarding these scholarship loans to ensure that only the most qualified students receive them. The Board shall make an effort to identify and encourage minority and economically disadvantaged youth to enter the program. All scholarship loans shall be evidenced by notes made payable to the Board that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Board. The Board shall forgive the loan if, within seven years after graduation, the recipient practices dentistry in North Carolina for four years. The Board shall also forgive the loan if it finds that it is impossible for the recipient to practice medicine in North Carolina for four years, within seven years after graduation, because of the death or permanent disability of the recipient. All unused funds appropriated to or otherwise received by the Board for scholarships, all funds received as repayment of

scholarship loans, and all interest earned on these funds shall revert to the General Fund at the end of each fiscal year.

SECTION 9.9.(b) Any dental scholarship awarded prior to July 1, 2005, shall remain a scholarship and shall not be converted to a scholarship loan unless the recipient agrees to the conversion.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

BOARD OF GOVERNORS' MEDICAL SCHOLARSHIPS

SECTION 9.10.(a) The current Board of Governors' Medical Scholarship Program, under the purview of the Board of Governors of The University of North Carolina, shall make any awards to students admitted after July 1, 2005, as scholarship loan awards. The Board of Governors' Medical Scholarship Program is administered by the Board of Governors of The University of North Carolina. The Board of Governors' Medical Scholarship Program shall be used to provide a four-year scholarship loan of relevant tuition and fees, mandatory medical insurance, required laptop computers, and an annual payment of five thousand dollars ($5,000) per year to students who have been accepted for admission to either Duke University School of Medicine, Brody School of Medicine at East Carolina University, the University of North Carolina at Chapel Hill School of Medicine, or the Wake Forest University School of Medicine. The Board may adopt standards, including minimum grade point average and SAT scores, for awarding these scholarship loans to ensure that only the most qualified students receive them. The Board shall make an effort to identify and encourage minority and economically disadvantaged youth to enter the program. All scholarship loans shall be evidenced by notes made payable to the Board that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Board. The Board shall forgive the loan if, within seven years after graduation, the recipient practices medicine in North Carolina for four years. The Board shall also forgive the loan if it finds that it is impossible for the recipient to practice medicine in North Carolina for four years, within seven years after graduation, because of the death or permanent disability of the recipient. All unused funds appropriated to or otherwise received by the Board for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds, shall revert to the General Fund at the end of each fiscal year.

SECTION 9.10.(b) Any medical scholarship awarded prior to July 1, 2005, shall remain a scholarship and shall not be converted to a scholarship loan unless the recipient agrees to the conversion.

Requested by: Senators Swindell, Lucas, Garrou, Dalton, Hagan

TEACHER SCHOLARSHIPS FUNDS

SECTION 9.11.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding the following new section:

"**§ 116-209.38. Future Teachers of North Carolina Scholarship Loan Fund.**

(a) There is established the Future Teachers of North Carolina Scholarship Loan Fund. The purpose of the Fund is to provide a two-year scholarship loan of six thousand five hundred dollars ($6,500) per year for any North Carolina student pursuing a college degree to teach in the public schools of the State. The scholarship loan shall be paid only for the student's junior and senior years. The scholarship loan is available if the student is enrolled in a State institution of higher education or a private institution of higher education located in this State that has an accredited teacher preparation program for students planning to become certified teachers in North Carolina. The State Education Assistance Authority shall administer the Fund and shall award 100 scholarship loans annually.

(b) The Board of Governors of The University of North Carolina, in consultation with the State Board of Education and the State Board of Community Colleges, shall develop the criteria for awarding the scholarship loans under this section and shall adopt very stringent standards for awarding these scholarship loans to ensure that only the best students receive them. Additional criteria for awarding a scholarship loan under this section shall include all of the following:

(1) The student is one who either: (i) maintained a "B" or better average in college and is enrolled as a junior or senior in a teacher preparation program at any of the institutions described by subsection (a) of this section; or (ii) completed a college transfer curriculum at a community college in the State's community college system, maintained a "B" or better average in the community college courses, and is accepted and enrolled in a teacher preparation program at one of the institutions described by subsection (a) of this section.

(2) The student agrees to become certified in math, science, special education, or English as a Second Language and teach full-time in that subject area in a North Carolina public school for three years within four years after graduation.

(3) Any additional criteria that the Board of Governors of The University of North Carolina, in consultation with the State Board of Education and the State Board of Community Colleges, considers necessary to administer the Fund effectively.

(c) If a student who is awarded a scholarship loan under this section fails to comply with the provisions of this section or the terms of the agreement awarding the scholarship loan, then the student shall repay the full amount of the scholarship loan provided to the student and the appropriate amount of interest as determined by the State Education Assistance Authority.

(d) The Board of Governors of The University of North Carolina, the State Board of Education, and the State Board of Community Colleges shall: (i) prepare a clear written explanation of the Future Teachers of North Carolina Scholarship Fund and the information regarding the availability and criteria for awarding the scholarship loans, and (ii) shall provide that information to the appropriate counselors in each local school

system and the appropriate institutions of higher education and shall charge those counselors to inform students about the scholarship loans and to encourage them to apply for the scholarship loans.

(e) The Board of Governors of The University of North Carolina shall adopt rules to implement this section.

(f) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarship loans awarded from the Fund."

SECTION 9.11.(b) Of the funds appropriated in this act to the State Education Assistance Authority the sum of six hundred fifty thousand dollars ($650,000) for the 2005-2006 fiscal year and the sum of one million three hundred thousand dollars ($1,300,000) for the 2006-2007 fiscal year shall be used to implement this act.

Requested by: Senators Lucas, Swindell, Nesbitt, Garrou, Dalton, Hagan

UNC-ASHEVILLE RETAIN SALE PROCEEDS

SECTION 9.12. Notwithstanding any other provision of law, the University of North Carolina at Asheville may retain the proceeds from the sale of its existing chancellor's residence and appurtenant land. The University of North Carolina at Asheville may use the proceeds from the sale of its existing chancellor's residence and the appurtenant land to construct or otherwise acquire a new chancellor's residence. Proceeds from the sale not used for that purpose within two fiscal years of the sale shall revert to the General Fund.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC BOND PROJECT MODIFICATIONS

SECTION 9.13.(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 Elizabeth City State University by changing the scope of "Mitchell-Lewis Residence Hall-Comprehensive Renovation" to be a replacement project instead of a renovation. Section 2(a) of S.L. 2000-3 is therefore amended in the portion under Elizabeth City State University by replacing "Mitchell Lewis Residence Hall-Comprehensive Renovation" with "Mitchell Lewis Residence Hall-Replacement."

SECTION 9.13.(b) 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 Central University by the cancellation of "Latham Residence Hall-Comprehensive Renovation". The unused monies from "Latham Residence Hall-Comprehensive Renovation," should be transferred to "Eagleson Residence Hall-Comprehensive Renovation". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under North Carolina Central University by reducing the money allocated to "Latham Residence Hall-Comprehensive Renovation" by reducing that amount by two million three hundred seventy-three

thousand four hundred fifty-seven dollars ($2,373,457) to a total of one million thirty-eight thousand one hundred forty-three dollars ($1,038,143) and by increasing the allocation to "Eagleson Residence Hall-Comprehensive Renovation" by two million three hundred seventy-three thousand four hundred fifty-seven dollars ($2,373,457) to create a total allocation of nine million two hundred forty-two thousand nine hundred fifty-seven dollars ($9,242,957).

SECTION 9.13.(c) 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 the University of North Carolina at Wilmington by the cancellation of "King Hall Classroom Building-Comprehensive Renovation", and by transferring the unused funds to the following projects listed under the portion entitled University of North Carolina at Wilmington: "Academic & Classroom Facilities," "General Classroom Bldg,", "Hinton James Hall Classroom Bldg. – Comprehensive Renovation," "Friday Hall Laboratory Bldg. – Comprehensive Renovation," "Kenan Auditorium – Comprehensive Renovation." Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the University of North Carolina at Wilmington by:

(1) Reducing the allocation to "King Hall Classroom Building – Comprehensive Renovation" by three million one hundred sixty-eight thousand six hundred eighty-nine dollars ($3,168,689) to create a total allocation of three hundred fifty-eight thousand seven hundred eleven dollars ($358,711).

(2) Increasing the allocation to "General Classroom Building" by six hundred seventy-nine thousand seven hundred seventy-eight dollars ($679,778) to create a total allocation of thirteen million three hundred twenty-six thousand seven hundred seventy-eight dollars ($13,326,778).

(3) Increasing the allocation to "Academic & Classroom Facilities" by nine hundred ninety-one thousand one hundred twenty-three dollars ($991,123) to create a total allocation of thirty-four million twenty-three thousand two hundred twenty-three dollars ($34,023,223).

(4) Increasing the allocation to "Hinton James Hall Classroom Building – Comprehensive Renovation" by one hundred seventy-six thousand six hundred nine dollars ($176,609) to create a total allocation of two million eight hundred six thousand five hundred sixty-one dollars ($2,806,561).

(5) Increasing the allocation to "Kenan Auditorium – Comprehensive Renovation" by one hundred fifty-one thousand seven hundred forty-nine dollars ($151,749) to create a total allocation of two million seventy-three thousand seven hundred twenty-four dollars ($2,073,724).

(6) Increasing the allocation to "Friday Hall Laboratory Building – Comprehensive Renovation" by one million one hundred sixty-nine thousand four hundred thirty dollars ($1,169,430) to create a total allocation of eight million eight hundred sixty-two thousand eight hundred thirty dollars ($8,862,830).

SECTION 9.13.(d) 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 the University of North Carolina at Pembroke by the cancellation of "West Residence Hall – Comprehensive Renovation" and by transferring the unused funds to a new project, "North and Belk Residence Halls–Fire Safety Improvements and Renovations" and by the cancellation of "Campuswide Infrastructure Improvements" and by transferring those unused funds to a new project, "Biotechnology Teaching Labs and Classroom Building". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under University of North Carolina at Pembroke by:

(1) Reducing the allocation to "West Residence Hall – Comprehensive Renovation" by eight hundred seventy-nine thousand three hundred dollars ($879,300) to a total allocation of ninety-eight thousand dollars ($98,000).

(2) Reducing the allocation to "Campuswide Infrastructure Improvements" by one million seven hundred thirty thousand three hundred eighty-two dollars ($1,730,382) to a total allocation of two hundred sixty-six thousand two hundred eighteen dollars ($266,218).

(3) Adding a new project entitled "North and Belk Residence Halls – Fire Safety Improvements and Renovations $879,300".

(4) Adding a new project entitled "Biotechnology Teaching Labs and Classroom Building $1,730,382".

SECTION 9.13.(e) Nothing in this section is intended to supersede any other requirement of law or policy for approval of the substituted capital improvement projects.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

AMEND NC SCHOOL OF SCIENCE AND MATH TUITION GRANT

SECTION 9.14.(a) G.S. 116-238.1(f) reads as rewritten:

"(f) Notwithstanding any other provision of this section, no tuition grant awarded to a student under this section shall exceed the cost of ~~tuition of~~ attendance at the constituent institution at which the student is enrolled. If a student, who is eligible for a tuition grant under this subsection, also receives a scholarship or other grant covering the cost of ~~tuition~~ attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the State Education Assistance Authority. The State Education Assistance Authority shall reduce the amount of the tuition grant so that the sum of all grants and scholarship aid covering the cost of ~~tuition~~ attendance received by the

student, including the tuition grant under this section, shall not exceed the cost of ~~tuition~~ attendance for the constituent institution at which the student is enrolled. The cost of attendance, as used in this subsection, shall be determined by the State Education Assistance Authority for each constituent institution."

SECTION 9.14.(b) This section applies to any eligible student who is enrolled full-time in The University of North Carolina after July 1, 2005.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC-CHAPEL HILL CONTINUE TO OPERATE HORACE WILLIAMS AIRPORT

SECTION 9.15. The University of North Carolina at Chapel Hill shall operate the Horace Williams Airport and continue air transportation support for the Area Health Education Centers (AHEC) and the public from that location until AHEC's Medical Air Operations have access to, or utilize, the Raleigh-Durham International Airport (RDU) on a basis sufficient to serve adequately the needs of patients, physicians, and passengers associated with AHEC's statewide programs and activities. At that time, the University of North Carolina at Chapel Hill may close the Horace Williams Airport.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY FUNDS

SECTION 9.16. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2005-2006 fiscal year the sum of one million eighty-eight thousand nine hundred forty-one dollars ($1,088,941) shall be allocated to North Carolina Agricultural and Technical State University for agricultural and research extension programs. It is the intent of the General Assembly to fully fund these programs for the 2006-2007 fiscal year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

TRANSFER PROSPECTIVE TEACHER SCHOLARSHIP LOAN AND TEACHER ASSISTANT SCHOLARSHIP LOAN TO THE NC STATE EDUCATION ASSISTANCE AUTHORITY

SECTION 9.17.(a) The Scholarship Loan Fund for Prospective Teachers is transferred from the Department of Public Instruction to the State Education Assistance Authority. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6.

SECTION 9.17.(b) G.S. 115C-468 is recodified as G.S. 116-209.33. G.S. 115C-469, 115C-470, and 115C-472.1 are repealed. G.S. 115C-471 is recodified as G.S. 116-209.34.

SECTION 9.17.(c) G.S. 115C-468 recodified by subsection (b) of this section as G.S. 116-209.33 reads as rewritten:

"§ 116-209.33. ~~Establishment of fund.~~Scholarship Loan Fund for Prospective Teachers.

(a) There is established a revolving fund known as the "Scholarship Loan Fund for Prospective Teachers". The purpose of the Fund is to provide scholarship loans to qualified individuals who are pursuing college degrees to become teachers. The State Education Assistance Authority shall administer the Fund.

(b) ~~Criteria~~ The State Education Assistance Authority, in consultation with the State Board of Education, shall develop criteria for awarding scholarship loans from ~~the fund shall include measures~~ the Fund. These criteria shall include:

(1) Measures of academic performance including grade point averages, scores on standardized tests, class rank, and recommendations of guidance counselors and principals.

(2) North Carolina residency. – For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.

(3) The geographic areas or subjects of instruction in which the demand for teachers is greatest.

(4) To the extent practical, an equal number of scholarships shall be awarded in each of the State's Congressional Districts.

(5) Any additional criteria that the State Education Assistance Authority considers necessary to administer the Fund effectively, including the following:

a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.

b. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of teaching.

(c) The ~~Superintendent of Public Instruction~~State Education Assistance Authority may earmark each year up to twenty percent (20%) of the funds available for scholarship loans ~~each year~~under this section for awards to applicants ~~who have been employed for at least one year as teacher assistants and who are currently employed as teacher assistants. Preference for these scholarship loans from funds earmarked for teacher assistants shall be given first to applicants who worked as teacher assistants for at least five years and whose positions as teacher assistants were abolished and then to applicants who already hold a baccalaureate degree or who have already been formally admitted to an approved teacher education program in North Carolina. The criteria for awarding scholarship loans to applicants who worked as teacher assistants for at least five years and whose positions as teacher assistants were abolished shall include whether the teacher assistant has been admitted to an approved teacher education program in North Carolina.~~for the Teacher Assistant Scholarship Fund established in G.S. 116-209.35.

~~The Superintendent of Public Instruction may further earmark a portion of these funds each year for two-year awards to applicants who have been employed for at least~~

~~one year as teacher assistants to attend community colleges to get other skills of use in public schools or to get an early childhood associate degree. The provisions of this Article shall apply to these scholarship loans except that a recipient of one of these scholarship loans may receive credit upon the amount due by reason of the loan as provided in G.S. 115C-471(5) or by working in a nonteaching position in the North Carolina public schools or by working in a licensed child care center in North Carolina.~~"

SECTION 9.17.(d) G.S. 115C-471 recodified by subsection (b) of this section as G.S. 116-209.34 reads as rewritten:

"**§ 116-209.34. Fund administered by ~~State Superintendent of Public Instruction; rules and regulations.~~State Education Assistance Authority; rule-making authority.**

(a) ~~The Scholarship Loan Fund for Prospective Teachers shall be administered by the State Superintendent of Public Instruction, under rules adopted by the State Board of Education and subject to the following directions and limitations:~~The State Education Assistance Authority shall establish the terms and conditions for the scholarship loans consistent with the following:

(1) ~~Any resident of North Carolina who is interested in preparing to teach in the public schools of the State may apply in writing to the State Superintendent of Public Instruction for a regular scholarship loan in the amount of not more than two thousand five hundred dollars ($2,500) per academic school year. An applicant who has been employed for at least one year as a teacher assistant and who is currently employed as a teacher assistant may apply for a scholarship loan from funds earmarked for teacher assistants in the amount of not more than one thousand two hundred dollars ($1,200) per academic school year.~~The loan amount shall be not more than four thousand dollars ($4,000) per academic school year for a maximum of four years for applicants who are pursuing a college degree to become a teacher.

(2) All scholarship loans shall be evidenced by notes made payable to the ~~State Board of Education~~ Authority that bear interest at the rate of ten percent (10%) per ~~annum from and after September 1 following fulfillment by a prospective teacher of the requirements for a certificate based upon the entry level degree; or in the case of persons already teaching in the public schools who obtain scholarship loans, the notes shall bear interest at the prescribed rate from and after September 1 of the school year beginning immediately after the use of the scholarship loans; or in the event any such scholarship is terminated under the provisions of subdivision (3) of this section, the notes shall bear interest from the date of termination. A minor recipient who signs a note shall also obtain the endorsement thereon by a parent, if there be a living parent, unless the endorsement is waived by the Superintendent of Public Instruction. The minor recipient shall~~

~~be obligated upon the note as fully as if the recipient were of age and shall not be permitted to plead such minority as a defense in order to avoid the obligations undertaken upon the notes.~~year, beginning September 1 after graduation, or immediately after termination of the scholarship loan, whichever is earlier.

(3) ~~Each recipient of a scholarship loan under the provisions of this program shall be eligible for scholarship loans each year until the recipient has qualified for a certificate based upon the entry level degree, but the recipient shall not be so eligible for more than the minimum number of years normally required for qualifying for the certificate. The permanent withdrawal of any recipient from college or failure of the recipient to do college work in a manner acceptable to the State Superintendent of Public Instruction shall immediately forfeit the recipient's right to retain the scholarship and subject the scholarship to termination by the State Superintendent of Public Instruction in the Superintendent's discretion.~~ A scholarship loan shall be terminated upon the recipient's withdrawing from school or a finding by the Authority that the recipient fails to meet the standards set by the Authority. All terminated scholarships shall be regarded as vacant and subject to being awarded to other eligible persons.

~~(4) Except under emergency conditions applicable to the State Superintendent of Public Instruction, recipients of scholarship loans shall enter the public school system of North Carolina at the beginning of the next school term after qualifying for a certificate based upon the entry level degree or, in case of persons already teaching in the public schools, at the beginning of the next school term after the use of the loan. All teaching service for which the recipient of any scholarship loan is obligated shall be rendered by August 31 of the seventh school year following graduation.~~

~~(5)~~(4) ~~For each full school year taught in a North Carolina public school, the recipient of a scholarship loan shall receive credit upon the amount due by reason of the loan equal to the loan amount for a school year as provided in the note plus credit for the total interest accrued on that amount. Also, the recipient of the loan shall receive credit upon the total amount due by reason of all four years of the loan if the recipient teaches for three consecutive years.~~ The Authority shall forgive a four-year loan if, within seven years after graduation, the recipient teaches for four years at a North Carolina public school or at a school operated by the United States government in North Carolina. The Authority shall also forgive a four-year loan if, within seven years after graduation, the recipient teaches for three consecutive years, or for three years interrupted only by an approved leave of absence, at a North Carolina public school that is in a low-performing school system

or a school system on warning status at the time the recipient accepts employment with the local school administrative unit. ~~In lieu of teaching in the public school, a recipient may elect to pay in cash the full amount of scholarship loans received plus interest then due thereon or any part thereof that has not been canceled by the State Board of Education by reason of teaching service rendered.~~For loans of less than four years, the Authority shall forgive one year for each year the recipient teaches, within four years of graduation, at a North Carolina public school or a school operated by the United States government in North Carolina.

~~(6)~~(5) ~~If any recipient of a scholarship loan dies during the period of attendance at a college or university under a scholarship loan or before the scholarship loan is satisfied by payment or teaching service, any balance shall be automatically canceled.~~

~~If any recipient of a scholarship loan fails to fulfill the recipient's obligations under subdivision (4) of this section, other than as provided above, the amount of the loan and accrued interest, if any, shall be due and payable from the time of failure to fulfill the recipient's obligations.~~ The Authority may forgive or reduce any loan payment if the Authority considers that extenuating circumstances exist that would make teaching or repayment impossible.

~~(7)~~(6) ~~The State Superintendent of Public Instruction shall award scholarship loans with due consideration to factors and circumstances such as aptitude, purposefulness, scholarship, character, financial need, and geographic areas or subjects of instruction in which the demands for teachers are greatest. Since the primary purpose of this Article is to attract worthy young people to the teaching profession, preference for scholarship loans, except for the scholarship loans from funds earmarked for teacher assistants, shall be given to high school seniors in the awarding of scholarships. In awarding scholarship loans from funds earmarked for teacher assistants, preference shall be given to applicants who have already earned a baccalaureate degree or who have been formally admitted to an approved teacher education program in North Carolina.~~The Authority shall ensure that all repayments, including the accrued interest, are placed in the Fund.

(b) The State Education Assistance Authority, in consultation with the State Board of Education, shall adopt rules to implement G.S. 116-209.33, 116-209.34, and 116-209.35."

SECTION 9.17.(e) This section becomes effective January 1, 2006, and applies to scholarship loans awarded on or after that date.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNIVERSITY SYSTEM AND COMMUNITY COLLEGE SYSTEM JOINT STUDY OF HIGHER EDUCATION STRATEGY/AMEND REPORTING REQUIREMENT

SECTION 9.18. Section 6.2 of S.L. 2004-179 reads as rewritten:

"**SECTION 6.2.** These studies shall be designed to provide information and recommendations that will assist the General Assembly in setting priorities for funding to address the strategic higher education needs of the State. The Board of Governors, the State Board, and their consultant shall periodically report their findings to a higher education programming subcommittee of the Joint Legislative Education Oversight Committee. The two boards and their consultant shall report the preliminary results of the study to the General Assembly and to the Joint Legislative Education Oversight Committee by ~~April 15, 2005,~~ June 15, 2005, and shall file a final report and recommendations with the General Assembly and the Joint Legislative Education Oversight Committee no later than ~~December 31, 2005.~~December 31, 2006."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC RESEARCH INSTITUTIONS MAY INCREASE TUITION

SECTION 9.19.(a) G.S. 116-143 reads as rewritten:

"**§ 116-143. State-supported institutions of higher education required to charge tuition and fees.**

~~The~~ Except as provided in G.S. 116-143.6, the Board of Governors of the University of North Carolina shall fix the tuition and fees, not inconsistent with actions of the General Assembly, at the institutions enumerated in G.S. 116-4 in such amount or amounts as it may deem best, taking into consideration the nature of each institution and program of study and the cost of equipment and maintenance; and each institution shall charge and collect from each student, at the beginning of each semester or quarter, tuition, fees, and an amount sufficient to pay other expenses for the term.

In the event that said students are unable to pay the cost of tuition and required academic fees as the same may become due, in cash, the said several boards of trustees are hereby authorized and empowered, in their discretion, to accept the obligation of the student or students together with such collateral or security as they may deem necessary and proper, it being the purpose of this Article that all students in State institutions of higher learning shall be required to pay tuition, and that free tuition is hereby abolished.

Inasmuch as the giving of tuition and fee waivers, or especially reduced rates, represent in effect a variety of scholarship awards, the said practice is hereby prohibited except when expressly authorized by statute or by the Board of Governors of the University of North Carolina; and, furthermore, it is hereby directed and required that all budgeted funds expended for scholarships of any type must be clearly identified in budget reports.

Notwithstanding the above provision relating to the abolition of free tuition, the Board of Governors of the University of North Carolina may, in its discretion, provide regulations under which a full-time faculty member of the rank of full-time instructor or above, and any full-time staff member of the University of North Carolina may during

the period of normal employment enroll for not more than one course per semester in the University of North Carolina free of charge for tuition, provided such enrollment does not interfere with normal employment obligations and further provided that such enrollments are not counted for the purpose of receiving general fund appropriations."

SECTION 9.19.(b) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-143.6. Board of Trustees of a Doctoral/Research University-Extensive campus may increase tuition without approval of the Board of Governors.**

(a) Notwithstanding G.S. 116-11(7) and G.S. 116-143, the Board of Trustees of a constituent institution designated as a Doctoral/Research University-Extensive campus of The University of North Carolina may set undergraduate tuition for an academic year. In considering tuition, the Boards of Trustees shall take into account that undergraduate tuition for North Carolina residents shall remain affordable to ensure accessibility, as required by Section 9 of Article IX of the North Carolina Constitution, and shall take the appropriate steps to increase financial aid accordingly and to ensure that the annual undergraduate in-State tuition rate remains in the lowest quartile of that constituent institution's national public peers.

Any additional revenues derived from a tuition increase set under this section shall remain available for use on that campus and are in addition to the operating budgets approved by the General Assembly.

(b) If a Board of Trustees decides to increase tuition at a constituent institution, the institution shall notify the Board of Governors, the Office of State Budget and Management, and the Fiscal Research Division of the amount of increase, additional receipts anticipated, and the allocation of the funds among various programs in a format prescribed by the Board of Governors of The University of North Carolina."

SECTION 9.19.(c) This section applies to the 2005-2006 academic year and each subsequent academic year.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

NC SPACE GRANT CONSORTIUM FUNDS

SECTION 9.20. Funds appropriated by this act to the North Carolina Space Grant Consortium shall be allocated only to constituent institutions of The University of North Carolina participating in the Consortium; no funds shall be allocated to any private institution as defined by G.S. 116-15(a2) that participates in the Consortium.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND

SECTION 9.21.(a) G.S. 116-41.15 reads as rewritten:

"**§ 116-41.15. Distinguished Professors Endowment Trust Fund; allocation; administration.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) On the basis of one three hundred thirty-four thousand dollar ($334,000) challenge grant for each six hundred sixty-six thousand dollars ($666,000) raised from private sources; or

(2) On the basis of one one hundred sixty-seven thousand dollar ($167,000) challenge grant for each three hundred thirty-three thousand dollars ($333,000) raised from private ~~sources.~~sources; or

(3) On the basis of one challenge grant of up to six hundred sixty-seven thousand dollars ($667,000) for funds raised from private sources in twice the amount of the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision ~~(1) or~~(1), subdivision ~~(2)~~ (2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on ~~a two-to-one basis.~~the basis of two dollars of private funds for every one dollar of State funds.

(b) For focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) On the basis of one five hundred thousand dollar ($500,000) challenge grant for each five hundred thousand dollars ($500,000) raised from private sources; or

(2) On the basis of one two hundred fifty thousand dollar ($250,000) challenge grant for each two hundred fifty thousand dollars ($250,000) raised from private ~~sources.~~sources; or

(3) On the basis of one challenge grant of up to one million dollars ($1,000,000) for funds raised from private sources in the same amount as the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision ~~(1) or~~(1), subdivision ~~(2)~~(2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on ~~a one-to-one basis.~~the basis of one dollar of private funds for every dollar of State funds.

(c) Matching funds shall come from contributions made after July 1, 1985, and pledged for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board of trustees shall establish its own Distinguished Professors Endowment Trust Fund, and shall maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private contributions and for the State matching funds for the challenge grants. The State matching funds shall be transferred to the constituent institution's Endowment Fund upon notification that the institution has received and deposited the appropriate amount required by this section in its own Distinguished Professors Endowment Trust Fund. Only the net income from that account shall be expended in support of the distinguished professorship thereby created."

SECTION 9.21.(b) G.S. 116-41.16 reads as rewritten:

"**§ 116-41.16. Distinguished Professors Endowment Trust Fund; contribution commitments.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

(1) A commitment to make a donation of at least six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143-31.4, and an initial payment of one hundred eleven thousand dollars ($111,000) to receive a grant described in G.S. 116-41.15(a)(1); or

(2) A commitment to make a donation of at least three hundred thirty-three thousand dollars ($333,000), as prescribed by G.S. 143-31.4, and an initial payment of fifty-five thousand five hundred dollars ($55,500) to receive a grant described in G.S. 116-41.15(a)~~(2);~~(2); or

(3) A commitment to make a donation in excess of six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143-31.4, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(a)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment and shall be made on or before the anniversary date of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair.

(b) For focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

(1) A commitment to make a donation of at least five hundred thousand dollars ($500,000), as prescribed by G.S. 143-31.4, and an initial payment of eighty-three thousand three hundred dollars ($83,300) to receive a grant described in G.S. 116-41.5(b)(1); or

(2) A commitment to make a donation of at least two hundred fifty thousand dollars ($250,000), as prescribed by G.S. 143-31.4, and an initial payment of forty-one thousand six hundred dollars ($41,600) to receive a grant described in G.S. 116-41.15(b)~~(2);~~(2); or

(3) A commitment to make a donation in excess of five hundred thousand dollars ($500,000), as prescribed by G.S. 143-31.4, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(b)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment. Pledged contributions may not be

matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair."

SECTION 9.21.(c) G.S. 116-41.17 reads as rewritten:

"**§ 116-41.17. Distinguished Professors Endowment Trust Fund; establishment of chairs.**

When the sum of the challenge grant and matching funds in the ~~Scholars'~~ Distinguished Professors Endowment Trust Fund reaches:

(1) One million dollars ($1,000,000), if the sum of funds described in ~~G.S. 116-41.15(1); or~~ G.S. 116-41.15(a)(1) or G.S. 116-41.15(b)(1); or

(2) Five hundred thousand dollars ($500,000), if the sum of funds described in ~~G.S. 116-41.15(2);~~G.S. 116-41.15(a)(2) or G.S. 116-41.15(b)(2); or

(3) An amount up to two million dollars ($2,000,000), if the sum of funds described in G.S. 116-41.15(a)(3) or G.S. 116-41.15(b)(3);

the board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs. The Board, in considering whether to approve the recommendation, shall include in its consideration the programs already existing in The University of North Carolina. If the Board approves the recommendation, the chair or chairs shall be established. The chair or chairs, the property of the constituent institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the option of the board of trustees."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

UNC MAY ENCOURAGE THE ESTABLISHMENT OF PRIVATE, NONPROFIT CORPORATIONS TO SUPPORT THE UNIVERSITY SYSTEM AND ASSIGN UNC EMPLOYEES TO ASSIST WITH THOSE CORPORATIONS

SECTION 9.22. Article 1 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 2B. Private, Nonprofit Corporations.

"**§ 116-30.20. Establishment of private, nonprofit corporations.**

The Board of Governors of The University of North Carolina shall encourage the establishment of private, nonprofit corporations to support the constituent institutions of The University of North Carolina and The University System. The President of The University of North Carolina and the chancellors of the constituent institutions may assign employees to assist with the establishment and operation of a nonprofit corporation and may make available to the corporation office space, equipment, supplies, and other related resources; provided, the sole purpose of the corporation is to support The University of North Carolina or one or more of its constituent institutions.

The board of directors of each such private, nonprofit corporation shall secure and pay for the services of The University System's internal auditors or employ a certified

public accountant to conduct an audit of the financial accounts of the corporation. The board of directors shall transmit to the Board of Governors a copy of the annual financial audit report of the private, nonprofit corporation."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ELIMINATE REPORTING REQUIREMENT FOR SCHOOL ADMINISTRATOR TRAINING PROGRAMS

SECTION 9.23. G.S. 116-74.21 reads as rewritten:

"**§ 116-74.21. Establishment of a competitive proposal process for school administrator programs.**

(a) The Board of Governors shall develop and implement a competitive proposal process and criteria for assessing proposals to establish school administrator training programs within the constituent institutions of The University of North Carolina. To facilitate the development of the programs, program criteria, and the proposal process, the Board of Governors may convene a panel of national school administrator program experts and other professional training program experts to assist it in designing the program, the proposal process, and criteria for assessing the proposals.

(b) No more than 12 school administrator programs shall be established under the competitive proposal program. In selecting campus sites, the Board of Governors shall be sensitive to the racial, cultural, and geographic diversity of the State. Special priority shall be given to the following factors: (i) the historical background of the institutions in training educators; (ii) the ability of the sites to serve the geographic regions of the State, such as, the far west, the west, the triad, the piedmont, and the east; and, (iii) whether the type of roads and terrain in a region make commuting difficult. A school administrator program may provide for instruction at one or more campus sites.

(c) The Board of Governors shall study the issue of supply and demand of school administrators to determine the number of school administrators to be trained in the programs in each year of ~~each biennium. The Board of Governors shall report the results of this study to the Joint Legislative Education Oversight Committee no later than March 1, 1994, and annually thereafter.~~the biennium and report the results of this study to the Joint Legislative Education Oversight Committee no later than March 1 annually.

(d) The Board of Governors shall develop a budget for the programs established under subsection (a) of this section that reflects the resources necessary to establish and operate school administrator programs that meet the vision of the report submitted to the 1993 General Assembly by the Educational Leadership Task Force.

~~(e) The Board of Governors shall report annually on the implementation of the act no later than December 1 of each year.~~"

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

CONTINUE ACADEMIC COMMON MARKET PROGRAM

SECTION 9.24. Section 31.2 of S.L. 2001-424 reads as rewritten:

"**ACADEMIC COMMON MARKET ~~PILOT~~ PROGRAM**

SECTION 31.2.(a) The Southern Regional Education Board currently operates an Academic Common Market program. Under this program, qualified students from participating states may apply to attend programs at public universities in participating states that are not available in their home state's university system. North Carolina's participation for graduate programs would provide a cost-effective means of offering educational access for North Carolina residents. North Carolinians ~~would~~ will be able to attend graduate programs that are not available at The University of North Carolina at reduced rates, and the State would avoid the cost associated with the development of new academic programs.

SECTION 31.2.(b) The Board of Governors of The University of North Carolina may ~~establish a pilot program for~~ continue participation in the Southern Regional Education Board's Academic Common Market at the graduate program level. The Board of Governors shall examine the graduate programs offered in The University of North Carolina system and select for participation only those graduate programs that are likely to be unique or are not commonly available in other Southern Regional Education Board states. Out-of-state tuition shall be waived for students who are residents of other Southern Regional Education Board states and who are participating in the Academic Common Market program. If accepted into The University of North Carolina graduate programs that are part of the Academic Common Market, these students shall pay in-State tuition and shall be treated for all purposes of The University of North Carolina as residents of North Carolina. ~~Prior to the beginning of this pilot, the Board of Governors shall submit its list of graduate programs selected to be a part of the pilot program to the Joint Legislative Education Oversight Committee.~~

SECTION 31.2.(c) ~~The pilot programs established under this section shall terminate July 1, 2005. However, once~~ Once a student is enrolled in The University of North Carolina system under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program. The Board of Governors shall ~~report the success of~~ provide a report on the Academic Common Market program to the Joint Legislative Education Oversight Committee by ~~December 31, 2003, and by January 31, 2005, and the Committee may recommend changes, if any are appropriate, to the pilot program at either of those times.~~September 2007, and each biennium thereafter."

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

TUITION WAIVER PROGRAM EXPANSION

SECTION 9.25.(a) G.S. 116-143.1 is amended by adding a new subsection to read:

"(m) Notwithstanding subsection (b) of this section, a person who is a full-time employee of The University of North Carolina, or is the spouse or dependent child of a full-time employee of The University of North Carolina, and who is a legal resident of North Carolina, qualifies as a resident for tuition purposes without having maintained that legal residence for at least 12 months immediately prior to his or her classification as a resident for tuition purposes."

SECTION 9.25.(b) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall study the feasibility of a tuition waiver exchange program under which full-time employees of The University of North Carolina would be allowed to take a specified number of courses at a community college without paying tuition, and full-time employees of a community college would be allowed to take a specified number of courses at a constituent institution of The University of North Carolina without paying tuition. The Boards shall report the results of this study to the Joint Legislative Education Oversight Committee by April 1, 2006.

Requested by: Senators Lucas, Swindell, Kerr, Jenkins, Garrou, Dalton, Hagan

BRODY SCHOOL OF MEDICINE AT ECU/MEDICARE RECEIPTS/FAMILY MEDICINE CENTER

SECTION 9.26.(a) G.S. 116-36.6 reads as rewritten:

"**§ 116-36.6. Brody School of Medicine at East Carolina ~~University School of Medicine;~~ University; Medicare receipts.**

The Brody School of Medicine at East Carolina University ~~School of Medicine~~ shall request, on a regular basis consistent with the State's cash management plan, funds earned by the School from Medicare reimbursements for education costs. Upon receipt, these funds shall be allocated as follows:

(1) The portion of the Medicare reimbursement generated through the effort and expense of the Brody School of Medicine's Medical Faculty Practice Plan shall be transferred to the appropriate Medical Faculty Practice Plan account within the School of Medicine. The Medical Faculty Practice Plan shall assume responsibility for any of these funds that subsequently must be refunded due to final audit settlements.

~~(2) The funds from this source budgeted by the General Assembly as part of the School of Medicine's General Fund budget code shall be credited to that code as a receipt.~~

~~(3) The remainder of the funds shall be transferred to a special fund account on deposit with the State Treasurer. This special fund account shall be used for any necessary repayment of Medicare funds due to final audit settlements for funds allocated under subdivision (2) of this subsection. When the amount of these reimbursement funds has been finalized by audit for each year, those funds remaining in the special fund shall be available for specific capital improvement projects for the East Carolina University School of Medicine. Requests by East Carolina University for use of these funds shall be made to the Board of Governors of The University of North Carolina. Approval of projects by the Board of Governors shall be reported to the Joint Legislative Commission on Governmental Operations, and the reports shall include projected costs and sources of funds for operation of the approved projects.~~

(2a) Funds that were received pursuant to this section prior to July 1, 2005, and that were transferred to a special fund account on deposit with the State Treasurer are appropriated to the Brody School of Medicine at East Carolina University and may be expended by the Brody School of Medicine for the family medicine center and for purposes consistent with its stated mission."

SECTION 9.26.(b) Subsections (b) and (c) of Section 87 of Chapter 321 of the 1993 Session Laws are repealed.

SECTION 9.26.(c) Notwithstanding any other provisions of law, the Board of Governors of The University of North Carolina may authorize the design and construction of a new capital project, a family medicine center, on the Health Sciences Campus of the Brody School of Medicine at East Carolina University, that would replace the existing family medicine facility that has reached capacity. The family medicine center is also used as a clinical teaching site for medical students, and the existing facility is functionally outdated for this purpose. The cost of the facility is estimated to be thirty million dollars ($30,000,000). The Board of Governors of The University of North Carolina may authorize the financing of the project with funds available to the Brody School of Medicine at East Carolina University from Medicare reimbursements for education costs, gifts, grants, receipts, self-liquidating indebtedness, or other funds, or any combination of these funds, but not including funds appropriated from the General Fund of the State.

SECTION 9.26.(d) Effective July 1, 2005, the Brody School of Medicine Medical Faculty Practice Plan shall no longer be required to reimburse the General Fund for use of outpatient facilities built with General Fund monies.

SECTION 9.26.(e) Notwithstanding the Senate Appropriations/Base Budget Committee Report dated May 3, 2005, the item #72 ECU Brody School of Medicine/Medicare Receipts on page F-12 of the Report for the UNC System Budget is increased by $700,000 and a new item #78 is added to read as follows:

78 Strategic Initiative Reserves ($700,000)

Reduces this reserve fund from $4,000,000 to $3,300,000.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

SCHOLARSHIP STUDENT

SECTION 9.27.(a) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-143.6. Full scholarship students attending constituent institutions.**

(a) Notwithstanding any other provision of law, any person who receives a full scholarship to a constituent institution and who attends the institution as an undergraduate student shall be considered and treated for all purposes of The University of North Carolina as a resident of North Carolina.

(b) The following definitions apply in this section:

(1) 'Full scholarship' means a grant that meets the full cost for a student to attend the constituent institution for an academic year.

(2) 'Full cost' means an amount calculated by the constituent institution that is no less than the sum of in-State tuition, required fees, on-campus room and board, and required course-related books.

(c) This section shall not be applied in any manner that violates federal law.

(d) No State funds shall be expended to offset any fiscal impact of this section."

SECTION 9.27.(b) This section applies to students who accept admission on or after July 1, 2005, to a constituent institution.

Requested by: Senators Lucas, Swindell, Garrou, Dalton, Hagan

ENHANCE NUTRITION IN UNIVERSITY AND COMMUNITY COLLEGE FOOD PROGRAMS

SECTION 9.28. For nutritional purposes, the Board of Governors of The University of North Carolina and the State Board of Community Colleges shall adopt policies governing any food programs operated by the constituent institutions or local community colleges that prohibit: (i) the use of cooking oils in those food programs that contain trans-fatty acids, or (ii) the sale of processed foods containing trans-fatty acids that were formed during the commercial processing of the foods.

Requested by: Senators Lucas, Swindell, Snow, Garrou, Dalton, Hagan

GRANT-IN-AID/FIRE TRUCK FOR CULLOWHEE VOLUNTEER FIRE DEPT. TO HELP ENSURE ADEQUATE FIRE PROTECTION SERVICES TO WESTERN CAROLINA UNIVERSITY

SECTION 9.29. Of the funds appropriated from the General Fund to the Board of Governors of The University of North Carolina, the sum of seven hundred fifteen thousand dollars ($715,000) for the 2005-2006 fiscal year shall be allocated to Western Carolina University as a grant-in-aid for the Cullowhee Volunteer Fire Department, Inc., to use to purchase a 95-foot platform truck and equipment to ensure adequate fire protection services to Western Carolina University.

Requested by: Senators Shaw, Lucas, Swindell, Garrou, Dalton, Hagan

WAIVE TUITION FOR A PERSON OF A CERTAIN AGE WHO IS OR WAS A WARD OF THE STATE AND WHO ATTENDS CLASSES AT ANY CONSTITUENT INSTITUTION OF THE UNIVERSITY OF NORTH CAROLINA OR ANY COMMUNITY COLLEGE

SECTION 9.30.(a) G.S. 115B-2 is amended by adding a new subdivision to read:

"(5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, and (iii) is a resident of the State;"

SECTION 9.30.(b) G.S. 115B-5 is amended by adding a new subsection to read:

"(c) The officials of the institutions charged with administration of this Chapter may require proof to verify that a person applying to the institution under G.S. 115B-2(5) is eligible for the benefits provided by this Chapter."

Requested by: Senators Garrou, Dalton, Hagan

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA COMPENSATION

SECTION 29.12.(a) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2005-2006 and 2006-2007, to provide an average annual salary increase of the greater of five hundred dollars ($500.00) or two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2005, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). The percentage annual salary increase of two percent (2%) authorized by this section shall be made on an aggregated average basis, and these funds shall be allocated to individuals according to the rules adopted by the Board of Governors of The University of North Carolina or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SECTION 29.12.(a1) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal year 2006-2007, to provide an average annual salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Governors of The University of North Carolina or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SECTION 29.12.(b) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2005-2006 and 2006-2007, to provide an average annual salary increase of two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2005, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Trustees of the North Carolina School of Science and Mathematics and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SECTION 29.12.(b1) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for

Compensation Increases, created in this act for fiscal year 2006-2007, to provide an average annual salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Trustees of the North Carolina School of Science and Mathematics and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Requested by: Senators Garrou, Dalton, Hagan, Kerr, Albertson

NCSU SALARY INCREASES FOR AGRICULTURAL PROGRAM EMPLOYEES

SECTION 29.22. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina, the sum of two million dollars ($2,000,000) for the 2005-2006 fiscal year and the sum of two million dollars ($2,000,000) for the 2006-2007 fiscal year shall be used to support salary increases for Agricultural Program employees of North Carolina State University who are exempt from the State Personnel Act. These funds shall be allocated to individuals according to rules adopted by the Board of Governors of The University of North Carolina and may not be used for any other purpose other than for salary increases and the necessary employer contributions provided by this section.

Requested by: Senators Garrou, Dalton, Hagan

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 30.2. There is appropriated from the General Fund for the 2005-2006 fiscal year the following amount for capital improvements:

Capital Improvements – General Fund	**2005-2006**
Department of Commerce – State Ports Authority	
Ports of Wilmington and Morehead City for equipment, capital, and infrastructure	$ 5,000,000
Department of Environment and Natural Resources	
Water Resources Development Projects	14,760,000
Department of Health and Human Services	
Division of Public Health	100,000
University of North Carolina System – Board of Governors	
UNC-Chapel Hill – Renaissance Computing Institute	500,000
UNC-Greensboro and NC A&T Joint Millennium Campus	5,000,000
Winston-Salem State University – Laboratory Facility Planning Funds	750,000
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	**$ 26,110,000**

attachment 2-

House Appropriations Subcommittee on Education
Senate Money Report

May 11, 2005

Public Education

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$6,585,323,929**		**$6,701,093,652**	
Legislative Changes				
A. Updated Projections				
1 Average Daily Membership (ADM) Revise projected increase in ADM for FY 2005-06 to reflect 2,338 more students than originally projected. Dollar amount of adjustment includes increases to all position, dollar, and categorical allotments. Total funded ADM for FY 2005-06 is 1,397,372, an increase of 28,309. Due to upward adjustment in ninth grade ADM, increase receipts from Highway Fund budgeted for Driver's Education by $129,405 in 2005-06 and $255,618 in 2006-07.	$9,402,812	R	$6,660,059	R
2 Budgeted Average Salary Revise budgeted funding for certified personnel salaries based on actual salary data from December 2004. Adjustment does not reduce any salary paid to certified personnel.	($23,642,099)	R	($23,965,417)	R
B. Continuation Budget Adjustments				
3 Central Office Administration Reduce dollar allotment for Central Office Administration by 0.5%. Resulting total allotment in FY 2005-06 is $101,494,560.	($510,023)	R	($510,023)	R
4 Teacher Assistants Reduce dollar allotment for teacher assistants. Resulting total allotment in FY 2005-06 is $337,375,675. Local education agencies (LEAs) are encouraged to use allotted funds to concentrate teacher assistants in grades K-2. LEAs may use funding allotted through the LEA Flexibility Fund (item 18) to offset these reductions.	($57,549,042)	R	($57,549,042)	R
5 School Building Administration Allot assistant principal positions on the basis of one 10-month position per 800 ADM. Resulting total allotment for assistant principals in FY 2005-06 is $80,538,079.	($5,038,433)	R	($5,038,433)	R
6 Textbooks Allot funds for textbooks on the basis of an inflationary increase of 7.3%. Resulting total allotment in 2005-06 is $85,996,465.	($2,389,506)	R	($2,389,506)	R

	FY 05-06		FY 06-07	
7 Limited English Proficiency (LEP)	($2,674,670)	R	($2,674,670)	R
JOINT Discontinue base allotment of the dollar equivalent of one teacher assistant per qualifying LEA. Supplemental funds will continue to be allotted based on: (i) qualifying ADM, and (ii) concentration of LEP students. Resulting total allotment in FY 2005-06 is $40,980,218.				
8 School Bus Replacement	($7,915,450)	R	($7,915,450)	R
JOINT Provide funds to meet outstanding lease purchase payment obligations, and $10 million for new lease purchases (approximately 476 new buses). Resulting total allotment in FY 2005-06 is $47,190,642.				
9 Department of Public Instruction (DPI)	($598,666)	R	($598,666)	R
JOINT MOD. Reduce funds for the Department of Public Instruction by 2%. * JOINT HAD ($299,333)				
10 ADM Contingency Reserve	($2,000,000)	R	($2,000,000)	R
JOINT Reduce ADM Contingency Reserve. Resulting appropriation is $5,000,000.				
C. Reductions: Pass-Through Funds				
11 ExplorNet	($250,000)	R	($250,000)	R
JOINT MOD. Reduce pass-through funding to non-profit program. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development. Remaining recurring appropriation is $150,000. * JOINT HAD ($100,000)				
12 NC Network	($28,350)	R	($28,350)	R
JOINT. MOD. Reduce pass-through funding to non-profit program by 10%. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development. * JOINT HAD ($70,875)				
13 Partnership for Excellence	($50,000)	R	($50,000)	R
JOINT MOD. Eliminate pass-through funding to non-profit program. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development. * JOINT HAD ($12,500)				
D. Increased Receipts				
14 Corporate Income Tax	($50,000,000)	NR	($41,100,000)	NR
GOV, JOINT MOD. Redirect corporate income tax receipts that would otherwise be deposited in the Public School Building Capital & Technology Fund, per rewritten G.S. 115C-546.1(b), to the State Public School Fund to support public school operations. Estimated resulting revenue to Capital & Technology Fund in FY 2005-06 is $25 million. * JOINT HAD ($10 m) R ($2 m) NR				

*NOT INCLUDED: JOINT HAD → SCHOOLS ATTUNED ($130,228)

→ TEACHER CADET ($30,375)

→ SALES TAX REIMBURSED TO LEAS ($33,300,000)

	FY 05-06		FY 06-07	
15 Increase School Building Capital & Technology Fund				
SENATE In FY 2005-06, transfer $70 million in receipts from the Lottery Fund to the School Building Capital & Technology Fund to support local school capital and technology infrastructure projects.				
E. Expansion: State Public School Fund				
16 Restore Funding and Eliminate Negative Reserve	$44,291,248	R	$44,291,248	R
JOINT Restore the recurring negative reserve ("LEA Discretionary Reduction") that exists in the continuation budget.				
17 LEA Flexibility Fund	$47,300,000	R	$47,300,000	R
SEN. Allot discretionary funds to LEAs on the basis of ADM to enhance LEAs' ability to provide all of their students with the opportunity for high academic achievement. LEAs may use this allotment for any purpose allowable under the State Board of Education's chart of accounts.				
LEAs are encouraged to fund additional instructional positions, such as teachers and teacher assistants; instructional support, such as nurses, counselors, and social workers; and school building administration, such as assistant principals. LEAs may use these funds to offset reductions appearing elsewhere in this budget document.				
18 Disadvantaged Student Supplemental Funding (DSSF)	$47,500,000	R	$47,500,000	R
SEN, JOINT MOD. Continue funding at levels allotted in FY 2004-05 for the sixteen pilot LEAs that have previously received DSSF allotments . Allot remaining funds to all other LEAs per the DSSF Allotment Formula developed by the State Board of Education. LEAs are encouraged to use funds to reduce class size and/or hire additional instructional support personnel, such as counselors, social workers, and nurses.	* JOINT HAD $22.5M R			
19 Evaluate Effectiveness of DSSF and Low Wealth Initiatives	$1,000,000	NR		
JOINT Provide funds for evaluation of both (i) the extent to which LEAs use DSSF and Low Wealth supplemental allotments to improve outcomes for students at-risk of school failure, and (ii) the extent to which DPI supports the LEAs in using DSSF and other supplemental allotments efficiently and effectively.				
20 ABC Bonuses	* NOT IN JOINT REPORT IN ED SECTION			
SEN. Fund ABC bonuses for schools that met or exceeded expected growth in the 2004-05 school year.	$100,000,000	NR		
21 Learn and Earn Initiative	$1,541,695	R	$1,541,695	R
JOINT Expand the Learn and Earn High School Workforce Development Initiative into an additional five high schools (bringing the total to ten). Provide planning grants to ten additional high schools.	$450,000	NR		
22 Virtual High School	$150,000	R	$150,000	R
SEN. Provide funds to the State Board of Education for establishment and implementation of a pilot virtual high school during the 2005-2006 school year.				

* JOINT HAD:
→ SM. SPECIALTY HIGH SCHOOLS $1,186,061
→ BLACK CH. DEVEL. INSTITUTE $10,000 NR
→ HUMANITIES COUNCIL $75,000 NR

	FY 05-06		FY 06-07	
23 Online Professional Development Resource Center for Teachers and Principals				
SEN. Provide funds to the State Board of Education for the establishment of a web portal that catalogues high-quality professional development opportunities for teachers and principals.	$100,000	NR		
F. Expansion: Pass-Through Funds				
JOINT **24 Teaching Fellows Scholarships** Fund 100 additional Teaching Fellows Scholarships.	$650,000	R	$1,300,000	R
25 Communities in Schools	* JOINT HAD ($151,875)			
SEN. Provide additional pass-through funding to non-profit program.	$500,000	NR		
JOINT MOD. **26 A+ Schools** Provide funding to support non-profit program that assists schools in implementing comprehensive school reform by integrating arts into the curriculum.	$100,000	R	$100,000	R
	* JOINT HAD $100,000 NR			
27 Center for 21st Century Skills	$250,000	R	$250,000	R
SEN. Provide funds to the State Board of Education for establishment of the Center for 21st Century Skills. The State Board will transfer funds to the Office of the Governor for this purpose.				
28 Teacher Working Conditions Survey	$115,000	R	$115,000	R
SEN. Provide funds to the State Board of Education for the administration of the Governor's Teacher Working Conditions Survey.				
29 SAS in Schools	$500,000	R	$500,000	R
SEN. Fund Statewide license for SAS in Schools, an instructional resource that will be made available to all NC teachers on-line through NC WISEOWL.				
30 Regional Education Networks	$100,000	NR		
SEN. Provide funds to the North Carolina Rural Economic Development Center and the e-NC Authority for a feasibility study on developing regional education networks that are centrally managed to provide and sustain broadband connectivity to individual students and teachers in schools, community colleges, and universities. In conducting the study, the Rural Economic Development Center and e-NC Authority shall collaborate with representatives from local school administrative units, The University of North Carolina, the State Board of Education, the State Chief Information Officer, and the Community College System.				
31 Commission for a Sound Basic Education	$200,000	NR		
SEN. Provide funding to the General Assembly to support the Commission for a Sound Basic Education.				

G. Expansion: Department of Public Instruction

32 Receipt Supported Positions

SEN. (TIMING)

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

A. Healthy Schools - Federal HIV and Abstinence Education Funds
3 Education Consultants - $249,056
1 Program Assistant V - $42,648
Consultants will assist schools in providing health education for HIV and other health issues for school-age populations. Program Assistant will provide clerical and program support for the staff.

B. Safe Schools - Federal 21st Century Community Learning Centers and Safe and Drug Free Schools Funds
3 Education Consultants - $249,056
1 Program Assistant IV - $39,558
One Consultant will provide technical assistance to schools and LEAs on middle and high school counseling issues. Two Consultants will provide technical assistance to and monitor the 190 centers providing after school programs to at-risk students. Program Assistant will provide clerical and program support for the staff.

C. Child Nutrition - Federal Child Nutrition Funds
2 School Meals Program Consultants - $133,480
One Consultant will assist local education agencies in ensuring that all compliance requirements for federal child nutrition programs are met. The other Consultant will coordinate the implementation and oversight of US Department of Agriculture's Seamless Summer Food Service program, Summer Milk program, Fruit and Vegetable Program, USDA Best Practice program, and the Healthier US program.

D. LEA Plant Operations - Plant Operation Maintenance Receipts
Facility Electrical Engineer II - $90,755
Engineering Technician II - $49,713
Positions will assist LEA customers with engineering projects which includes designing, installing and assisting with electrical, mechanical, HVAC and plumbing projects.

E. Evaluation and Compliance - Federal Title 1 Funds and Indirect Cost Receipts
Program Assistant V - $42,648
Personnel Analyst II - $66,740
Program Assistant V will provide clerical and program support to the Senior Research Director and the Education Program Administrator for evaluation, research and federal programs. Personnel Analyst II will train agency management and employees with respect to employee relations, the performance management system, and equal employment opportunity policies.

Senate Subcommittee on Education	FY 05-06		FY 06-07	
Total Legislative Changes	$49,154,516	R	$46,738,445	R
	$52,350,000	NR	($41,100,000)	NR
Total Position Changes				
Revised Budget	$6,686,828,445		$6,706,732,097	

UNC System

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$2,024,322,442**		**$2,052,608,147**	
Legislative Changes				
A. Reductions				
Senate **33 Management Flexibility Reduction for Certain UNC Campuses and Programs** Reduces the budgets for the NC School for the Arts, UNC-CH AHEC, NC School of Science and Math, and the Center for Public Television by .5%.	($452,750)	R	($452,750)	R
Senate **34 Management Flexibility Reduction for UNC Campuses and Programs** Reduces the UNC budget for campuses and other programs by 1%, except for those programs identified for a .5% reduction. This reduction excludes Related Educational Programs (Legislative Tuition Grants, State Contractual Scholarship Program, etc.), the Hunt Institute, and the following K-12 programs : Model Teacher Education Consortium, NC Education Research Council, NC Teach, NC Teacher Academy, Principals Executive Program, Principal Fellows Program, Math and Science Education Network, and the NC Center for the Advancement of Teaching.	($17,486,587)	R	($17,486,587)	R
Joint **35 Inflationary Adjustments and Equipment Replacement** Eliminates the inflationary adjustments and equipment replacement allowed by OSBM in the base budget. Remaining in the budget are adjustments to personal services, aid/grants, reserves, and receipts.	($13,561,121)	R	($15,700,288)	R
Joint **36 Summer School** Eliminates General Fund subsidy of Summer School.	($3,658,515)	R	($3,658,515)	R
Joint **37 Building Reserves - Minimum Hiring Rate** Reduces the starting salary from the midpoint to the minimum of the pay range for positions related to the operation of new buildings opening during the fiscal year.	($1,428,329)	R	($3,005,385)	R
Joint **38 Building Reserves - Completion Dates** Adjusts the estimated completion dates for construction projects for information made available in March 2005. A delay in project completion results in a reduction in the number of months needed to staff and operate the new or renovated buildings.	($2,189,924)	NR		

	FY 05-06		FY 06-07	
39 SREB Contractual Spaces Eliminates funding for 16 vacant contracted spaces in optometry, dentistry and medical schools negotiated through the Southern Regional Educational Board.(7 dental, 7 medicine, and 68 optometry slots are currently filled with NC residents.)	($169,600)	R	($169,600)	R
40 Need-Based Financial Aid Continues funding the Need Based Financial Aid program from the Escheats Fund.	($23,975,714)	R	($23,975,714)	R
41 Private Medical School Aid Eliminates $305,788 from the base budget and a $330,212 projected increase for 05-06 based on data from the State Education Assistance Authority. The $1.7 million remaining in the base budget will handle the growth in the number of NC residents attending Wake Forest University and Duke University medical schools.	($636,000)	R	($636,000)	R
42 Medical Scholarships Reduces the base budget by $154,664 and eliminates a $613,635 projected increase because recent data from the State Education Assistance Authority shows that $1.56 million is sufficient to handle growth in the number of NC residents attending medical schools at ECU, UNC, WFU and Duke.	($768,299)	R	($768,299)	R
43 State Contractual Scholarship Program Adjusts the program budget to actual needs. Allows for 2.43% growth in enrollment of NC residents in the state's private colleges and universities and funds the enrollment of 575 NC residents at Johnson and Wales University. Continues the $1,100 per student grant to the colleges.	($545,800)	R	($545,800)	R
44 Model Teaching Education Consortium Reduces funding for this program.	($1,000,000)	R	($1,000,000)	R
45 Juvenile Justice Institute Reduces the appropriation to this institute at NCCU from $500,000 to $250,000.	($250,000)	R	($250,000)	R
46 Legislators' Schools for Youth Leadership Development Abolishes the summer youth programs based at ECU and WCU.	($498,975) -5.00	R	($498,975) -5.00	R
47 Non-credit and Receipt Supported Instruction Eliminates General Fund subsidy of non-credit and receipt supported instruction on all campuses.	($684,532)	R	($684,532)	R

NOT SHOWN → Joint Had:
Distinguished Professor Endowment Fund (2mil)
Center For Alcohol Studies ($250,000 NR)

	FY 05-06		FY 06-07	
B. Expansion				
Gov/ Joint modified **48 Enrollment Growth for UNC Campuses** Funds the following enrollment growth in student FTE: 3,703.2 undergraduate and 283.5 graduate regular term students and 1,518.2 undergraduate and 1,416.9 graduate distance education students. The 6,921.8 added students is a 3.65% increase over the Fall 2004 enrollment of 189,615.	$72,753,678 534.70	R	$72,753,678 534.70	R
Gov/ Senate **49 Enrollment Growth for NC School of Science and Math** Increases the enrollment at the NC School of Science and Math by 10 students.	$200,000 3.00	R	$200,000 3.00	R
Senate **50 UNCW / ASU Equity Funding** Increases appropriations to UNCW and ASU so that the appropriation per FTE (full time equivalent) student is 1 standard deviation from the mean for all UNC System campuses. The current appropriation per FTE student is $8,545 for the UNC System, while the approp./FTE for UNCW is $6,339 (-1.46 STD) and for ASU is $6,933 (-1.07 STD).	$8,398,101	R	$8,398,101	R
Senate **51 UNCC Transition to Doctoral / Research Intensive Status** Provides funding for additional faculty, library resources, and technology infrastructure needed to implement approved doctoral programs. UNCC achieved Doctoral/Research Intensive status in 2000, but has not received the operating funds commensurate with this elevated academic status.	$5,000,000	R	$10,000,000	R
Gov/ Joint modified **52 Legislative Tuition Grants for Private College Students** Funds a 2.43% increase in enrollment growth in NC residents attending private colleges and universities in the state (to 32,570). Accommodates the enrollment at Johnson & Wales University and students no longer funded by Fort Bragg. Continues the LTG rate at $1,800 per student.	$1,395,488	R	$1,395,488	R
Gov/ Joint modified **53 Need-Based Financial Aid** Funds the expansion in the Need-based scholarship program from the Escheats Fund. $8,674,000 is needed due to enrollment growth and $3,200,000 is needed due to the student loss of Pell Grant funds from a formula change. The Escheats Fund will also continue to pay $1.1 million for the Health Science and Math Loan Program.				
Joint **54 Millennium Teacher Scholarship Loan Program** Funds $390,000 for the second class of 60 teaching scholars at ECSU, FSU, and WSSU. This was inadvertently left out of the base budget. This program is funded from the Escheats Fund.				
Gov/ Joint modified **55 UNC-NCCCS 2+2 E-Learning Initiative** Provides funding for developing 2+2 distance education programs, for professional development for 2+2 faculty, for technology development and purchases, and for tracking students' progress between NCCCS and UNC. The Community College budget includes an additional $1 million to support the community college side of this initiative.	$1,000,000	NR		

	FY 05-06		FY 06-07	
56 UNC-NCCCS Joint Initiative for Teacher Education and Recruitment Creates 8 UNC positions to be based in the Regional Alternative Licensure Centers to support the expansion of the 2+2 Partnership Programs between UNC and NCCCS constituent institutions, to offer admissions advice to community college students seeking to transfer to a four year teacher education program, to work with prospective teachers to resolve curriculum issues between UNC and community colleges, and to recruit prospective teachers on community college campuses.	$640,000 8.00	R	$640,000 8.00	R
57 CFNC Teacher Recruitment and Marketing Online Module Funds a teacher recruitment module on the College Foundation of North Carolina (CFNC) website. The module would provide future teachers with a single source for information concerning education and licensing requirements; grants, scholarships, and loans; and on-line applications for admissions and financial aid.	$25,000	R	$25,000	R
58 Biotechnology Initiatives Appropriates $2 million to the Biomanufacturing Research Institute and Technology Enterprise (BRITE) at North Carolina Central University and $2.94 million to the Biomanufacturing Training and Education Center (BTEC) at North Carolina State University. Part of the funds are for scientific equipment and supplies needed for startup that were not funded by the construction grant from the Golden LEAF foundation. Funds will also be used to begin hiring administrative and research personnel.	$4,941,079	R	$4,941,079	R
59 UNC TV Closed Captioning Enables the UNC Center for Public Television to meet a Federal Communication Commission mandate to provide closed captioning on 100% of its content by January 1, 2006.UNC TV must comply with the FCC requirements in order to retain its broadcast license.	$483,978	R	$483,978	R
60 William and Ida Friday Institute for Educational Innovation Provides a reserve for staff, operations, and maintenance costs of the new facility constructed on North Carolina State's Centennial Campus adjacent to Wake County's Centennial Campus Middle School.	$2,500,000	R	$2,500,000	R
61 Teacher Scholarship for Math and Science Creates the Future Teachers of North Carolina Scholarship Fund. This fund will award 100 scholarship loans each year to juniors and seniors in North Carolina public and private colleges that agree to become certified to teach math, science, special education, or English as a Second Language in North Carolina public schools. The loan is $6,500 per year and is not repaid if the recipient teaches for three years in the state.	$650,000	R	$1,300,000	R

	FY 05-06		FY 06-07	
62 NC School of Science and Math University Tuition Funds the continued costs of the UNC tuition grant to graduates of the School of Science and Math that began in FY 2004-05. The base budget inadvertently left out funding for future graduates.	$585,565	R	$1,523,183	R
63 North Carolina in the World Project Makes a grant to the Center for International Understanding for the project "North Carolina in the World: A Plan to Increase Student Knowledge and Skills about the World".	$200,000	NR		
64 Manufacturing Extension Partnership Increases state funding to this program within the Industrial Extension Service that assists small manufacturers to become more globally competitive.	$150,000	NR		
65 NC A & T State University Matching Funds Increases the campus match of federal funds from 80% to 90% for agricultural research and extension programs as mandated by the Agricultural Research, Extension, and Education Reform Act of 1998. The funds are appropriated to the School of Agriculture and Environmental Science.	$1,089,000	R	$1,089,000	R
66 North Carolina Space Grant Consortium Provides funds to expand the program beyond the current participating universities. The program attempts to attract students to science and engineering degrees by providing undergraduate scholarships, graduate fellowships, research seed grants, and community outreach.	$200,000	R	$200,000	R
67 Focused Growth Campus Funds Provides additional funds to be evenly divided among the seven focused growth institutions (ECSU, FSU, NCA&T, NCCU, UNC-P, WCU, WSSU).	$2,500,000	R	$2,500,000	R
68 Initiatives to Close the Achievement Gap Appropriates funds to the Board of Governors to continue to support the operations and work of the North Carolina Historically Minority Colleges and Universities Consortium. The Consortium will determine the best practices and methodologies for closing the achievement gap among children of various demographic groups who are performing below grade level.	$300,000	R	$300,000	R
69 Center for Craft, Creativity and Design Provides operating funds for this center located on UNC-A's Kellogg Center property in Henderson County. A private foundation has made a proposal to establish a permanent endowment to fund graduate scholarships contingent upon the Center obtaining state operating funds.	$200,000 2.50	R	$200,000 2.50	R

	FY 05-06		FY 06-07	
70 North Carolina Center on the Advancement of Teaching Increases NCCAT's capacity to provide National Board for Professional Teaching Standards candidate preparation seminars for the 1,200 teachers now on the waiting list. Provides operating funds for new Ocracoke campus that will increase NCCAT's service to teachers by 40% and make its professional development services more accessible to Eastern North Carolina.	$3,046,018 26.50	R	$3,014,018 26.50	R
71 ECU Brody School of Medicine - Medicare Receipts Repeals $1 million Medicare reimbursement to General Fund for cost of training physicians (faculty salaries and benefits). Deletion of the receipt in code 16066-0697 results in an increase in the ECU Health Affairs budget.Repeals the reimbursement of operating costs for outpatient facilities ($700,000) and appropriates funds to hold harmless the ECU Health Affairs budget	$1,700,000	R	$1,700,000	R
72 Judicial College Establishes a Judicial College within the UNC-Chapel Hill School of Government to provide training and continuing education for the state's 400 judges.	$250,000	R	$250,000	R
73 Renaissance Computing Institute Provides funds for the establishment of the Renaissance Computing Institute at UNC-Chapel Hill.	$5,900,000	R	$11,800,000	R
74 Western Carolina University Fire Protection Provides funds to UNC Board of Governors for a grant-in-aid to the Cullowhee Volunteer Fire Department to purchase a 95 foot platform truck and equipment needed to provide fire protection services to high-rise facilities on the Western Carolina University campus.	$715,000	NR		
75 Hunt Institute Funds operating expenses for the James B. Hunt, Jr Institute for Educational Leadership and Policy in Chapel Hill.The Institute's mission is to "engage governors and other leaders in strategic efforts to advance and sustain state-level education reform".	$1,000,000	R	$1,000,000	R
76 Program on Southern Politics, Media and Public Life Provides operating support to this policy research program at UNC-Chapel Hill. This research group will provide the General Assembly with reports on demographic, social, economic, and environmental trends.	$285,000	R	$285,000	R
C. Reserve Funds				
77 Strategic Initiatives Reserve Reduces this reserve fund from $4 million to $3.3 million.	($700,000)	R	($700,000)	R

	FY 05-06		FY 06-07	
Total Legislative Changes	**$48,226,685**	**R**	**$56,966,080**	**R**
	($124,924)	**NR**		
Total Position Changes	569.70		569.70	
Revised Budget	**$2,072,424,203**		**$2,109,574,227**	

Community Colleges

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$756,320,880**		**$753,585,522**	
Legislative Changes				
A. Categorical and Miscellaneous Programs				
Joint **78 Community Service Block Grant** Reduces the Community Service Block Grant by 10% (from $1,185,114) to $1,066,603).	($118,511)	R	($118,511)	R
79 Compensatory Education Joint Reduces the appropriation for Compensatory Education by 10% (from $1,097,364 to $987,628). Colleges earn FTE for students enrolled in the Compensatory Education program.	($109,736)	R	($109,736)	R
80 Off-Campus Center Funding Joint Eliminates the subsidy for off-campus center funding.	($1,400,000)	R	($1,400,000)	R
81 NC Center for Applied Textile Technology Joint Reduces the appropriation for the NC Center for Applied Textile Technology based on administrative savings from the merger with Gaston College.	($475,000)	R	($475,000)	R
82 Hosiery Technology Center Joint Increases the Hosiery Technology Center's budget to $600,000, replacing funds lost from the Worker Training Trust Fund. These funds are being transferred from the NC Center for Applied Textile Technology (see item above).	$475,000	R	$475,000	R
83 Customized Industry Training Joint Provides funding for a new workforce development program in the community college system that will allow colleges to serve companies that need training in order to stay competitive. The new program will complement training available to industry through Focused Industrial Training and New and Expanding Industry Training.	$2,000,000	R	$2,000,000	R
84 Small Business Centers Joint Provides additional funding for the small business centers located at each community college.	$1,000,000	R	$1,000,000	R
85 UNC-NCCCS 2+2 E-Learning Initiative Gov Provides funding to support the development of 2+2 distance education programs, professional development for 2+2 faculty, technology development and purchases, and to track students' progress between NCCCS and UNC. The university budget includes an additional $1 million to support the university side of this initiative.	$1,000,000	R	$1,000,000	R

	FY 05-06		FY 06-07	
86 Community College Innovative Learning Fund Provides funding for innovative learning projects to assist colleges in meeting the needs of the changing economy. Funds will be distributed on a case by case basis as determined by the President of the Community College System and the State Board of Community Colleges. Priority will be given to projects that directly impact teacher education, allied health, economic development, or public safety. These funds may be used for planning, equipment, or technology for innovative learning centers.	$10,000,000	NR		
87 Isothermal Lifelong Learning Center Provides matching funds to Isothermal Community College for the Lifelong Learning Center. Funds may be used for construction of the facility or to equip the facility.	$2,000,000	NR		
88 Equipment Provides additional non-recurring funding for community college equipment. Of these funds, up to $500,000 may be used for the design of a replacement boat for the Marine Technology Program at Cape Fear Community College.	$10,000,000	NR		
89 NCCCS BioNetwork Provides funding for the NCCCS BioNetwork.	$7,101,864	R	$7,101,864	R
90 Advanced Manufacturing Center Provides funding for the construction of the Bosch & Siemens Advanced Manufacturing Center at Craven Community College.	$3,700,000	NR		
91 Forsyth Tech Center for Emerging Technologies Provides funds for the construction of the Center for Emerging Technologies at Forsyth Technical Community College. The Center will house the biotechnology, nanotechnology, design, and advance information technology programs, the Small Business Center, and Corporate Training Services.	$5,000,000	NR		
92 Southeastern Community College Facility Funds Provides funds to establish, acquire, and/or renovate facilities for biotechnology and other programs at Southeastern Community College.	$3,000,000	NR		
93 Defense Technology Innovation Center Provides funds to the NC Electronics and Information Technologies Association (NCEITA) for the development of the Defense Technology Innovation Center, a business incubator focusing on economic development opportunities in the industries relating to homeland security and national defense.	$2,000,000	NR		
94 Robeson Community College Workforce Development Center Provides funds to Robeson Community College for the construction of the Workforce Development Center. Funds may also be used for the establishment of a training facility to provide training on the construction and use of structural insulated panels (SIPs).	$1,350,000	NR		

	FY 05-06		FY 06-07	
95 Lenoir Community College Simulated Cell Area				
S Provides funds to Lenoir Community College for the fabrication of a simulated cell for use in training prison personnel in Greene County and the surrounding areas.	$250,000	NR		
96 Bladen Community College Funds				
S Provides funding for Bladen Community College for equipment and planning. These funds may also be used to supplement maintenance of plant costs once all local funding for this purpose has been expended.	$205,000	NR		
97 Cleveland Community College Allied Health & Science Building				
S Provides funds for equipment and supplies for the Allied Health and Science Building at Cleveland Community College.	$200,000	NR		
98 Gaston College Allied Health Center				
S Provides matching funds to Gaston College for construction and equipment for the Gaston College Allied Health Center.	$4,000,000	NR		
99 COA Chowan Campus Funds				
S Provides funds to continue construction of Phase I of the Chowan campus expansion. These funds may be used for construction or equipment on the Chowan campus.	$1,000,000	NR		
100 Surry CC Viticulture Center				
S Provides funding for the expansion of the Viticulture Center at Surry Community College. These funds may be used for construction or equipment.	$500,000	NR		
B. Administrative and Instructional Formulae				
101 Curriculum Instructional Formula	($7,608,407)	R	($7,608,407)	R
J Authorizes the State Board of Community Colleges to modify the curriculum instructional formula by adjusting the unit value.				
C. System Office				
102 System Office Personnel	$150,000	R	$150,000	R
J Provides additional funding for two accounting specialists in the Division of Business and Finance, and an administrative assistant in the Executive Division.				
103 Receipt Supported Positions				
Allows for the creation of the following receipt supported positions in the Community College System Office:				
S A. Career Readiness Certification - Workforce Investment Act Funds through the Division of Employment & Training in the Department of Commerce 1 Education Consultant II - $80,155.40 This position will provide leadership and policy direction to the new Career Readiness Certification System that will be implemented by NCCCS, the local colleges, and the JobLink Career Centers across the State.				

	FY 05-06		FY 06-07	
D. Enrollment, Tuition, and Financial Aid				
104 Enrollment Fully funds the community college enrollment increase. Enrollment increased by 2,449 FTE in FY 04-05, from 188,610 FTE to 191,059, a 1.30% increase.	$7,802,343	R	$7,802,343	R
105 Need Based Financial Aid Funds the Need Based Financial Aid program from the Escheats Fund. An additional $3,000,000 will be appropriated from the Escheats fund - $2 million to offset the change in Pell Grant eligibility, and $1 million to offset an increase in tuition. The total amount available for Need Based Financial Aid will be $13,981,202.	($10,981,202)	R	($10,981,202)	R
106 Tuition Increases community college tuition by 4%, from $38 per credit hour to $39.50. Full-time students will pay $632 per semester or $1,264 per year.	($5,577,516)	R	($5,577,516)	R
E. Faculty Salaries				
107 Increase Faculty and Professional Staff Salaries Funds are included in the Salary Reserve Section of this budget to provide an additional 2% increase to faculty and professional staff in the community colleges. These funds are in addition to funds provided for State Employee increases.				
Total Legislative Changes	**($6,741,165)** **$43,205,000**	**R** **NR**	**($6,741,165)**	**R**
Total Position Changes				
Revised Budget	**$792,784,715**		**$746,844,357**	

Joint - reduction to public radio ($229,461)

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education — 5-12-05

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kym Boyd	NCCCS
Jami Fitzgerald	NCFPL
[illegible]	Gov's office
Carol Banks	NCAE
Michael Houser	NCAE
Suzanne Winn	NCCCS
Hal Miller	NCACCT
Abbey Reynolds	NCGA Intern
BRIAN LEWIS	Covenant w NC's Children
Chris Fitzsimon	NC Policy Watch
[illegible]	CMS

VISITOR REGISTRATION SHEET

Appropriations Sub Committee on Education 5/12/05

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kristen Cowan	OSBM
Elizabeth Drovetsky	OSBM
Bryan Howard	OSBM
Katherine W Joyce	NCASA
[illegible]	WCPSS
Gene Causby	NCSCA
Mary Dorsey	UIF
[illegible]	PSF
[illegible]	SBE/DPI
Mark Fleming	University
Rebecca Troxler	NCACC
Molly Ryan	NCSBA

House Pages

Name Of Committee: Ed Approp. Date: 5-12-05

1. Name: Jessica Whelttle
   County: Johnston
   Sponsor: Langdon
2. Name: Matthew Knight
   County: Durham
   Sponsor: Rep. Wilkins
3. Name:
   County:
   Sponsor:
4. Name:
   County:
   Sponsor:
5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: Brad Bare Foot
2. Name: Charles Williams
3. Name:
4. Name:
5. Name:

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

June 10, 2005

The House Appropriations Subcommittee on Education met on Friday, June 10, 2005 in Room 421 of the Legislative Office Building. Chairman Tolson called the meeting to order at 8:30 a.m.. The Sgt-at-Arms staff was recognized and the Fiscal Staff was introduced. A Visitor Registration Sheet is attached as a part of these Minutes.

Members present were: Representatives(s) Jeffus, Chair; Yongue, Chair; Jean Preston, Vice-Chair; Ray Rapp, Vice-Chair; Larry Bell, George Cleveland, Susan Fisher, Carolyn Justice, Mickey Michaux, Earline Parmon and Louis Pate, Jr.

Chairman Tolson told the Committee that every part of the Education budget would be discussed and every member could submit an amendment if those so chose. He read the "RULES FOR HOUSE APROPRIATIONS SUBCOMMITTEE":

1. Amendments cannot increase total spending within the draft subcommittee report presented by the subcommittee chairs.

2. Amendments can only affect appropriations within the department, agencies, or programs within the jurisdiction of the subcommittee.

3. Amendments cannot spend reversions.

4. Nonrecurring reductions cannot be used to fund recurring items."

Rep. Cleveland was recognized for a statement: "We originally had this meeting set for Wednesday morning and it was cancelled. Tuesday afternoon I asked for a copy of the proposals and was told that I could not have them. I drove home last night I had two letters – the Advocacy folks telling me what is in these proposals and asking me to assist in their cause. This tells me that we members of the Committee don't know what is going on but everybody else does. If you would like me to participate, I would think you would have the common courtesy to make sure I would have the information so that I could answer the questions sensibly."

Rep. Tolson stated that all of the members got their copies this morning at the same time the Chairs did. He added that he understood the final copy was not put together until sometime the night before, available today. He said that he had a feeling that some of these advocacy folks were working on hearsay information and he assured Rep. Cleveland that he understood his concern.

Adam Levinson: was recognized to discuss the Money Report on Public Education.- He explained the differences in the recommendations from the Senate and the Governor's office. A copy of his report is attached to these minutes

Rep. Rapp was recognized to send forth an amendment. "Amend the money report on page F2 by deleting item #12; and on page F3, item 23, by deleting the recurring amounts and substituting the following:

"($11,000,000) R ($11,000,000) R";

and by making corresponding changes to the provisions."
A motion was made to approve the amendment; on a vote of 4 to 3, the amendment passed. (A copy is attached to these minutes).

Christine Leggett was called on to review the proposals for the Community Colleges. Rep. Rapp submitted an amend to amend the special provision on page 58, line 6 of the Special Provisions report by "inserting immediately after "Carolina,", the term "private colleges,". The motion to approve the amendment passed. (A copy of the amendment is attached to these minutes).

Richard Bostic explained the remaining proposals for the University system. After his discussion, Rep. Parmon asked to be recognized for an amendment.
"amend on page 95 by removing the words 'thirty-five percent(35%)' and adding the following: 'forty-five percent (45%). By the fall of 2008 the proportion of nonresident students in the entering freshman class shall be limited to forty percent (40%)'" The amendment passed. (A copy of attached to these minutes.)

A technical amendment was submitted on page 99, line 9, "change 2006 to 2007". This amendment was passed.

Rep. Yongue presided as Rep. Tolson brought forth an amendment. This amendment is attached to these minutes and discussed Purchases for the Student Transportation System; that tires for the student transportation system shall be purchased from the statewide term contract. , following the State Board guidelines. Rep. Jeffus made a motion to pass the amendment. The motion carried. This amendment is also attached to the Minutes.

Rep. Yongue made a motion the Subcommittee adopt the committee proposals as amended and asked staff to make technical changes as needed. The motion carried and the meeting was adjourned at 11:55 a.m.

Representative Joe Tolson, Chairman

Shirley Phillips, Comm. Assistant

RULES FOR HOUSE APPROPRIATIONS SUBCOMMITTEES

June 10, 2005

When amendments are offered, the following rules must be met in order for the amendment to be eligible for consideration.

1. Amendments cannot increase total spending within the draft subcommittee report presented by the subcommittee chairs.

2. Amendments can only affect appropriations within the departments, agencies, or programs within the jurisdiction of the subcommittee.

3. Amendments cannot spend reversions.

4. Nonrecurring reductions cannot be used to fund recurring items.

House Appropriations Subcommittee on Education
Money Report

June 10, 2005

Public Education

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$6,585,323,929**		**$6,701,093,652**	
Legislative Changes				
A. Updated Projections				
1 Average Daily Membership (ADM) Revise projected increase in ADM for FY 2005-06 to reflect 2,338 more students than originally projected. Dollar amount of adjustment includes increases to all position, dollar, and categorical allotments. Total funded ADM for FY 2005-06 is 1,397,372, an increase of 28,309.	$9,402,812	R	$6,660,059	R
Due to upward adjustment of 6,439 in ninth grade ADM, receipts from Highway Fund budgeted for Driver's Education would increase by $129,405 in 2005-06 and $255,618 in 2006-07 if funding factor remained $245.55 per ADM for 132,780 total ADM. Reduction in funding factor to $235 per ADM (see page K3, item 9) results in net reduction of $1,400,829 from anticipated receipts. Total budgeted receipts from Highway Fund in FY 2005-06 will be $31,203,300.				
2 Budgeted Average Salary Revise budgeted funding for certified personnel salaries based on actual salary data from December 2004. Adjustment does not reduce any salary paid to certified personnel.	($23,642,099)	R	($23,965,417)	R
3 Exceptional Children Revise budgeted funding for children with special needs to reflect actual April 1, 2005 headcount. Continuation budget was based on projected headcount. Adjustment does not reduce funding per child.	($3,969,553)	R	($3,969,553)	R
4 High Priority Schools Revise funds appropriated for High Priority Schools based on projection of fewer participating High Priority Schools. In 2005-06, High Priority Schools will have the option of removing themselves from high priority status.	($800,000)	R	($800,000)	R
B. Continuation Budget Adjustments				
5 Central Office Administration Reduce dollar allotment for Central Office Administration by 0.5%. Resulting total allotment in FY 2005-06 is $101,494,560.	($510,023)	R	($510,023)	R

	FY 05-06		FY 06-07	
6 Classroom Teachers Allot teacher positions for grade 7 based on a ratio of 1:22 ADM. Aligns the allotment with current required 7th grade average class size of 26. Maximum allowable class size is 29.	($10,457,443)	R	($10,457,443)	R
7 Instructional Support Allot instructional support positions on the basis of 1:200 ADM. Resulting total allotment in FY 2005-06 is $296,314,115.	($5,080,381)	R	($5,080,381)	R
8 School Building Administration Allot assistant principal positions on the basis of one 10-month position per 800 ADM. Resulting total allotment for assistant principals in FY 2005-06 is $80,538,079.	($5,038,433)	R	($5,038,433)	R
9 Classroom Supplies Allot funds for materials, supplies, and equipment on the basis of an inflationary increase of 5.2%. Resulting total allotment in FY 2005-06 is $68,995,536.	($1,949,336)	R	($1,949,336)	R
10 Textbooks Allot funds for textbooks on the basis of an inflationary increase of 7.3%. Resulting total allotment in 2005-06 is $85,996,465.	($2,389,506)	R	($2,389,506)	R
11 Non-instructional Support Fund dollar allotment for Non-instructional Support on the basis of $222.24 per ADM. Resulting total allotment in FY 2005-06 is $311,460,798.	($4,000,000)	R	($4,000,000)	R
12 Academically Gifted Fund supplemental dollar allotment for academically gifted students on the basis of $908.66 (rather than $926.55) per ADM. Resulting total allotment in FY 2005-06 is $50,789,512.	($1,000,000)	R	($1,000,000)	R
13 Limited English Proficiency (LEP) Discontinue base allotment of the dollar equivalent of one teacher assistant per qualifying LEA. Supplemental funds will continue to be allotted based on: (i) qualifying ADM, and (ii) concentration of LEP students. Resulting total allotment in FY 2005-06 is $40,980,218.	($2,674,670)	R	($2,674,670)	R
14 Vocational Education Fund vocational education teachers on the basis of one 10-month position per 95 ADM. Resulting total allotment in FY 2005-06 is $236,267,895.	($13,084,719)	R	($13,084,719)	R
15 School Bus Replacement Provide funds to meet outstanding lease purchase payment obligations, and $10 million for new lease purchases (approximately 476 new buses). Resulting total allotment in FY 2005-06 is $47,190,642.	($7,915,450)	R	($7,915,450)	R
16 Department of Public Instruction (DPI) Reduce funds for the Department of Public Instruction by 1%.	($299,333)	R	($299,333)	R

	FY 05-06		FY 06-07	
17 ADM Contingency Reserve Reduce ADM Contingency Reserve. Resulting appropriation is $5,000,000.	($2,000,000)	R	($2,000,000)	R
18 Driver's Education Reduce receipts from Highway Fund budgeted for Driver's Education by $1,271,424 to reflect adjustment of funding factor from $245.55 to $235 per 9th grade ADM of 132,780. Resulting total allotment in FY 2005-06 is $31,203,300.				
C. Reductions: Pass-Through Funds				
19 ExplorNet Reduce pass-through funding to non-profit program by 25%. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development.	($100,000)	R	($100,000)	R
20 NC Network Reduce pass-through funding to non-profit program by 25%. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development.	($70,875)	R	($70,875)	R
21 Partnership for Excellence Eliminate pass-through funding to non-profit program by 25%. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development.	($12,500)	R	($12,500)	R
22 Schools Attuned Reduce pass-through funding to non-profit program by 25%. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development.	($130,228)	R	($130,228)	R
C. Reductions: Redirected Tax Receipts				
23 Corporate Income Tax Redirect corporate income tax receipts that would otherwise be deposited in the Public School Building Capital & Technology Fund, per rewritten G.S. 115C-546.1(b), to the State Public School Fund to support public school operations. Estimated resulting revenue to Capital & Technology Fund in FY 2005-06 is $63 million.	($10,000,000) ($2,000,000)	R NR	($10,000,000)	R
24 Sales Tax Refundable to LEAs Redirect estimated State sales tax refundable to LEAs to the State Public School Fund for allotment through State position, dollar, and categorical allotments.			($33,300,000)	R

49 — past years
51 — De

	FY 05-06		FY 06-07	
E. Expansion: State Public School Fund				
25 Low Wealth Supplemental Funding Provide additional funding for LEAs located in counties with below State average ability to raise local revenue for public schools.	$30,000,000	R	$30,000,000	R
26 Disadvantaged Student Supplemental Funding (DSSF) Continue funding at levels allotted in FY 2004-05 for the sixteen pilot LEAs that have previously received DSSF allotments. LEAs are encouraged to use funds to reduce class size and/or hire additional instructional support personnel, such as counselors, social workers, and nurses.	$22,500,000	R	$22,500,000	R
27 Evaluate Effectiveness of DSSF Initiatives Provide funds for evaluation of both (i) the extent to which LEAs use DSSF and other supplemental allotments to improve outcomes for students at-risk of school failure, and (ii) the extent to which DPI supports the LEAs in using DSSF and other supplemental allotments efficiently and effectively.	$100,000	NR		
28 ABC Bonuses Fund ABC bonuses for schools that met or exceeded expected growth in the 2004-05 school year.	$100,000,000	NR		
29 Learn and Earn Initiative Expand the Learn and Earn High School Workforce Development Initiative into an additional ten high schools (bringing the total to 15). Provide planning grants to twenty additional high schools.	$3,247,426 $917,500 3.00	R NR	$3,247,426 3.00	R
30 Small Specialty High Schools Pilot Program Fund additional principals, guidance counselors, and clerical staff at new "small specialty schools" within existing high schools at eight pilot sites. Allot each new "school within a school" the dollar equivalent of one principal position, one guidance counselor position, and two clerical positions.	$1,446,877	R	$1,446,877	R
31 School-Based Child and Family Support Teams Provide funds to establish school-based child and family support teams that will support children at-risk of school failure by coordinating services among educational and human service agencies working with the children and their families.	$5,500,000	NR		
32 Virtual High School Provide funds to the State Board of Education for establishment and implementation of a pilot virtual high school during the 2005-2006 school year.	$150,000	R	$150,000	R

	FY 05-06		FY 06-07	
33 Education Value Added Assessment System (EVAAS) Provide funds to LEAs to purchase licenses for EVAAS diagnostic software. The State Board shall identify up to 20 LEAs to receive funding in FY 2005-06 based on criteria that shall include (i) identified need, (ii) readiness, and (iii) county wealth, as defined in the Low Wealth Supplemental Funding formula. The LEAs shall be distributed geographically. It is the goal of the General Assembly to provide funds in future years so that every LEA may purchase these licenses.	$500,000	R	$500,000	R
F. Expansion: Pass-Through Funds				
34 Teaching Fellows Scholarships Fund 100 additional Teaching Fellows Scholarships.	$650,000	R	$1,300,000	R
35 A+ Schools Provide funding to support non-profit program that assists schools in implementing comprehensive school reform by integrating arts into the curriculum.	$100,000	R	$100,000	R
36 Futures for Kids Provide funds to support non-profit program that enhances students' opportunities for career exploration.	$1,000,000	NR		
37 SAS in Schools Fund Statewide license for SAS in Schools, an instructional resource that will be made available to all NC teachers on-line through NC WISEOWL.	$500,000	R	$500,000	R
38 Regional Education Networks Provide funds to the North Carolina Rural Economic Development Center and the e-NC Authority for a feasibility study on developing regional education networks that are centrally managed to provide and sustain broadband connectivity to individual students and teachers in schools, community colleges, and universities. In conducting the study, the Rural Economic Development Center and e-NC Authority shall collaborate with representatives from local school administrative units, The University of North Carolina, the State Board of Education, the State Chief Information Officer, and the Community College System.	$100,000	NR		

G. Expansion: Department of Public Instruction

39 Receipt Supported Positions

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

A. Healthy Schools - Federal HIV and Abstinence Education Funds
3 Education Consultants - $249,056
1 Program Assistant V - $42,648
Consultants will assist schools in providing health education for HIV and other health issues for school-age populations. Program Assistant will provide clerical and program support for the staff.

B. Safe Schools - Federal 21st Century Community Learning Centers and Safe and Drug Free Schools Funds
3 Education Consultants - $249,056
1 Program Assistant IV - $39,558
One Consultant will provide technical assistance to schools and LEAs on middle and high school counseling issues. Two Consultants will provide technical assistance to and monitor the 190 centers providing after school programs to at-risk students. Program Assistant will provide clerical and program support for the staff.

C. Child Nutrition - Federal Child Nutrition Funds
2 School Meals Program Consultants - $133,480
One Consultant will assist local education agencies in ensuring that all compliance requirements for federal child nutrition programs are met. The other Consultant will coordinate the implementation and oversight of US Department of Agriculture's Seamless Summer Food Service program, Summer Milk program, Fruit and Vegetable Program, USDA Best Practice program, and the Healthier US program.

D. LEA Plant Operations - Plant Operation Maintenance Receipts
Facility Electrical Engineer II - $90,755
Engineering Technician II - $49,713
Positions will assist LEA customers with engineering projects which includes designing, installing and assisting with electrical, mechanical, HVAC and plumbing projects.

E. Evaluation and Compliance - Federal Title 1 Funds and Indirect Cost Receipts
Program Assistant V - $42,648
Personnel Analyst II - $66,740
Program Assistant V will provide clerical and program support to the Senior Research Director and the Education Program Administrator for evaluation, research and federal programs. Personnel Analyst II will train agency management and employees with respect to employee relations, the performance management system, and equal employment opportunity policies.

	FY 05-06		FY 06-07	
Total Legislative Changes	**($26,627,434)**	R	**($62,343,505)**	R
	$105,617,500	NR		
Total Position Changes	3.00		3.00	
Revised Budget	**$6,664,313,995**		**$6,638,750,147**	

UNC System

GENERAL FUND

	FY 05-06		FY 06-07	
Recommended Budget	**$2,024,322,442**		**$2,052,608,147**	
Legislative Changes				
A. Reductions				
40 Management Flexibility Reduction for UNC Campuses and Programs Reduces the UNC budget for campuses and other programs by 2% and allows management flexibility in handling the cut. This reduction excludes AHEC, Center for Public Television, NC School for the Arts, NC School of Science and Math, Related Educational Programs (Legislative Tuition Grants, State Contractual Scholarship Program, etc.), and the following K-12 programs : Model Teacher Education Consortium, NC Education Research Council, NC Teach, NC Teacher Academy, Principals Executive Program, Principal Fellows Program, Math and Science Education Network, and the NC Center for the Advancement of Teaching.	($34,983,173)	R	($34,983,173)	R
41 Summer School Eliminates General Fund subsidy of Summer School.	($3,658,515)	R	($3,658,515)	
42 Building Reserves - Minimum Hiring Rate Reduces the starting salary from the midpoint to the minimum of the pay range for positions related to the operation of new buildings opening during the fiscal year.	($1,428,329)	R	($3,005,385)	R
43 Building Reserves - Completion Dates Adjusts the estimated completion dates for construction projects for information made available in March 2005. A delay in project completion results in a reduction in the number of months needed to staff and operate the new or renovated buildings.	($2,189,924)	NR		
44 SREB Contractual Spaces Eliminates funding for 16 vacant contracted spaces in optometry, dentistry and medical schools negotiated through the Southern Regional Educational Board.(7 dental, 7 medicine, and 68 optometry slots are currently filled with NC residents.)	($169,600)	R	($169,600)	R
45 Need-Based Financial Aid Continues funding the Need Based Financial Aid program from the Escheats Fund.	($23,975,714)	R	($23,975,714)	R

	FY 05-06		FY 06-07	
46 Private Medical School Aid Eliminates $305,788 from the base budget and a $330,212 projected increase for 05-06 based on data from the State Education Assistance Authority. The $1.7 million remaining in the base budget will handle the growth in the number of NC residents attending Wake Forest University and Duke University medical schools.	($636,000)	R	($636,000)	R
47 Medical Scholarships Reduces the base budget by $154,664 and eliminates a $613,635 projected increase because recent data from the State Education Assistance Authority shows that $1.56 million is sufficient to handle growth in the number of NC residents attending medical schools at ECU, UNC, WFU and Duke.	($768,299)	R	($768,299)	R
48 State Contractual Scholarship Program Adjusts the program budget to actual needs. Allows for 2.43% growth in enrollment of NC residents in the state's private colleges and universities and funds the enrollment of 575 NC residents at Johnson and Wales University. Continues the $1,100 per student grant to the colleges.	($545,800)	R	($545,800)	R
49 Juvenile Justice Institute Reduces the appropriation to this institute at NCCU from $500,000 to $250,000.	($250,000)	R	($250,000)	R
50 Legislators' Schools for Youth Leadership Development Abolishes the summer youth programs based at ECU and WCU.	($498,975) -5.00	R	($498,975) -5.00	R
51 Non-credit and Receipt Supported Instruction Eliminates General Fund subsidy of non-credit and receipt supported instruction on all campuses.	($684,532)	R	($684,532)	R
52 Strategic Initiatives Reserve Reduces this reserve fund from $4 million to $3 million.	($1,000,000)	R	($1,000,000)	R
B. Expansion				
53 UNC Enrollment Growth - Regular Term Funds the regular term enrollment growth on the UNC campuses as proposed by the UNC Board of Governors. Fully funds an increase of 3,703 undergraduates and 283.5 graduate students.	$41,912,537	R	$41,912,537	R
54 UNC Enrollment Growth - Distance Education Creates a reserve to fund enrollment growth in distance education programs for undergraduate and graduate students. The UNC Board of Governors will apportion the funds and report back to the Education Oversight Committee.	$18,087,463	R	$18,087,463	R

	FY 05-06		FY 06-07	
55 UNCW / ASU Equity Funding Increases appropriations to UNCW and ASU so that the appropriation per FTE (full time equivalent) student is 1 standard deviation from the mean for all UNC System campuses. The current appropriation per FTE student is $8,545 for the UNC System, while the approp./FTE for UNCW is $6,339 (-1.46 STD) and for ASU is $6,933 (-1.07 STD).	$8,398,101	R	$8,398,101	
56 UNCC Transition to Doctoral / Research Intensive Status Provides funding for additional faculty, library resources, and technology infrastructure needed to implement approved doctoral programs. UNCC achieved Doctoral/Research Intensive status in 2000, but has not received the operating funds commensurate with this elevated academic status.	$10,000,000	R	$10,000,000	R
57 Legislative Tuition Grants for Private College Students Funds a 2.43% increase in enrollment growth in NC residents attending private colleges and universities in the state (to 32,570). Accommodates the enrollment at Johnson & Wales University and students no longer funded by Fort Bragg. Continues the LTG rate at $1,800 per student.	$1,395,488	R	$1,395,488	R
√ **58 Legislative Tuition Grant for Part-Time Teacher and Nursing Students** Expands the eligibility for Legislative Tuition Grants to students that are in summer school or are going to school part-time for a degree in teaching or nursing. The current $1800 grant is prorated based on the number of hours the student is enrolled.(assume 12 hours per semester for full grant)	$1,500,000	R	$1,500,000	R
House √ **59 State Contractual Scholarship Fund Increase** Increases the State Contractual Scholarship Fund from $1,100 per student in private college to $1,150 per student.	$1,596,000	R	$1,596,000	R
60 Need-Based Financial Aid Funds the expansion in the Need-based scholarship program from the Escheats Fund. $8,674,000 is needed due to enrollment growth and $3,200,000 is needed due to the student loss of Pell Grant funds from a formula change. The Escheats Fund will also continue to pay $1.1 million for the Health Science and Math Loan Program.				
61 Millennium Teacher Scholarship Loan Program Funds $390,000 for the second class of 60 teaching scholars at ECSU, FSU, and WSSU in FY 2005-06 and another $390,000 for the third class in FY 2006-07. This was inadvertently left out of the base budget. This program is funded from the Escheats Fund.				

	FY 05-06		FY 06-07	
62 UNC-NCCCS 2+2 E-Learning Initiative Provides funding for developing 2+2 distance education programs, for professional development for 2+2 faculty, for technology development and purchases, and for tracking students' progress between NCCCS and UNC. The Community College budget includes an additional $1 million to support the community college side of this initiative.	$1,000,000	NR		
63 CFNC Teacher Recruitment and Marketing Online Module Funds a teacher recruitment module on the College Foundation of North Carolina (CFNC) website. The module would provide future teachers with a single source for information concerning education and licensing requirements; grants, scholarships, and loans; and on-line applications for admissions and financial aid.	$25,000	R	$25,000	R
64 Biotechnology Initiatives Appropriates $2 million to the Biomanufacturing Research Institute and Technology Enterprise (BRITE) at North Carolina Central University and $2 million to the Biomanufacturing Training and Education Center (BTEC) at North Carolina State University. Part of the funds are for scientific equipment and supplies needed for startup that were not funded by the construction grant from the Golden LEAF foundation. Funds will also be used to begin hiring administrative and research personnel.	$4,000,000	R	$4,000,000	R
65 UNC TV Closed Captioning Enables the UNC Center for Public Television to meet a Federal Communication Commission mandate to provide closed captioning on 100% of its content by January 1, 2006.UNC TV must comply with the FCC requirements in order to retain its broadcast license.	$483,978	R	$483,978	R
66 William and Ida Friday Institute for Educational Innovation Provides a reserve for staff, operations, and maintenance costs of the new facility constructed on North Carolina State's Centennial Campus adjacent to Wake County's Centennial Campus Middle School.	$1,900,000	R	$1,900,000	R
67 Teacher Scholarship for Math and Science Creates the Future Teachers of North Carolina Scholarship Fund. This fund will award 100 scholarship loans each year to juniors and seniors in North Carolina public and private colleges that agree to become certified to teach math, science, special education, or English as a Second Language in North Carolina public schools. The loan is $6,500 per year and is not repaid if the recipient teaches for four years in the state.	$650,000	R	$1,300,000	R

	FY 05-06		FY 06-07	
68 Scholarship Loan for Prospective Coaches Creates the Coaching and Assistant Coaching Scholarship Fund to provide 25 scholarship loans each year. The loans will be administered by the State Education Assistance Authority. The loans do not have to be repaid if the graduate takes a coaching job in a rural or need-based area. A year of work cancels a year of loan repayment	$100,000	R	$200,000	
69 NC School of Science and Math University Tuition Funds the tuition cost of the graduates of the School of Science and Math entering UNC schools in FY 05-06. The program is discontinued for future graduates, but those currently receiving the tuition grants will be held harmless and will receive the assistance for their four years in a state university.	$585,565	R	$585,565	R
70 North Carolina in the World Project Makes a grant to the Center for International Understanding for the project "North Carolina in the World: A Plan to Increase Student Knowledge and Skills about the World".	$200,000	NR		
71 Manufacturing Extension Partnership Increases state funding to this program within the Industrial Extension Service that assists small manufacturers to become more globally competitive.	$150,000	NR		
72 NC A & T State University Matching Funds Increases the campus match of federal funds from 80% to 90% for agricultural research and extension programs as mandated by the Agricultural Research, Extension, and Education Reform Act of 1998. The funds are appropriated to the School of Agriculture and Environmental Science.	$1,089,000	R	$1,089,000	
73 Focused Growth Campus Funds Provides additional funds to be evenly divided among the seven focused growth institutions (ECSU, FSU, NCA&T, NCCU, UNC-P, WCU, WSSU).	$2,500,000	R	$2,500,000	R
74 Special Needs Institutions Provides funds to UNC-Asheville and the NC School of the Arts for nonrecurring needs.	$1,000,000	NR		
75 Initiatives to Close the Achievement Gap Appropriates funds to the Board of Governors to continue to support the operations and work of the North Carolina Historically Minority Colleges and Universities Consortium. The Consortium will determine the best practices and methodologies for closing the achievement gap among children of various demographic groups who are performing below grade level.	$300,000	R	$300,000	R

	FY 05-06		FY 06-07	
76 Center for Craft, Creativity and Design Provides a reserve for operating this center located on UNC-A's Kellogg Center property in Henderson County. Expenditure of the reserve is contingent on receiving a permanent endowment from a private foundation to fund graduate scholarships.	$200,000 2.50	R	$200,000 2.50	R
77 North Carolina Center on the Advancement of Teaching Increases NCCAT's capacity to provide National Board for Professional Teaching Standards candidate preparation seminars for teachers now on the waiting list. Provides operating funds for new Ocracoke campus to make its professional development services more accessible to Eastern North Carolina.	$1,500,000	R	$1,500,000	R
78 ECU Brody School of Medicine - Medicare Receipts Repeals $1 million Medicare reimbursement to General Fund for cost of training physicians (faculty salaries and benefits). Deletion of the receipt in code 16066-0697 results in an increase in the ECU Health Affairs budget.Repeals the reimbursement of operating costs for outpatient facilities ($700,000) and appropriates funds to hold harmless the ECU Health Affairs budget	$1,700,000	R	$1,700,000	R
79 Hunt Institute Funds operating expenses for the James B. Hunt, Jr Institute for Educational Leadership and Policy in Chapel Hill.The Institute's mission is to "engage governors and other leaders in strategic efforts to advance and sustain state-level education reform".	$500,000	R	$500,000	R
80 NCSU Center for Universal Design Provides grant to this Center that designs products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. HHS also provides $50,000 annually to the Center.	$100,000	NR		
81 Model Teacher Education Consortium Enables the Consortium to extend its services for lateral entry teachers and paraprofessionals (teacher assistants, substitute teachers, etc.) to additional LEAs. The Consortium now serves 40 LEAs in Eastern NC (Alamance and Richmond are the western most counties served).	$1,000,000	R	$1,000,000	R
82 Cochlear Implants Program Appropriates funds to the UNC Board of Governors to fund CASTLE (Center for the Acquisition of Spoken Language Through Listening Enrichment) which is operated by the Carolina Children's Communicative Disorders Program of the UNC Health Care System. CASTLE shall use these funds to 1) train teachers and therapists across the state to work with deaf preschool-age children with cochlear implants and 2)provide oral preschool classes to these children.	$327,000	NR		

	FY 05-06		FY 06-07	
83 NCSU Turfgrass Research Appropriates funds to the UNC Board of Governors to be allocated to the NC State University Center for Turfgrass Environmental Research and Education. The funds are to be used for operating expenses for the Center.	$150,000	NR		
Total Legislative Changes	**$30,824,195**	**R**	**$29,997,139**	**R**
	$737,076	**NR**		
Total Position Changes	-2.50		-2.50	
Revised Budget	**$2,055,883,713**		**$2,082,605,286**	

Community Colleges

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$756,320,880**		**$756,330,823**	
Legislative Changes				
A. Categorical and Miscellaneous Programs				
84 Community Service Block Grant Reduces the Community Service Block Grant by 10% (from $1,185,114) to $1,066,603).	($118,511)	R	($118,511)	R
85 Compensatory Education Reduces the appropriation for Compensatory Education by 10% (from $1,097,364 to $987,628). Colleges earn FTE for students enrolled in the Compensatory Education program.	($109,736)	R	($109,736)	R
86 Off-Campus Center Funding Reduces the appropriation for off-campus centers.	($400,000)	R	($400,000)	R
87 Multi-Campus College Funds Provides additional funding for four colleges that have new multi-campus sites.	$1,376,832	R	$1,376,832	R
88 Public Radio Stations Reduces the appropriation for public radio stations by 50%, and reallocates the remaining funds equally to the radio stations at Craven Community College, Gaston College, and Isothermal Community College. Each college will receive $76,487.	($229,461)	R	($229,461)	R
89 NC Center for Applied Textile Technology Reduces the appropriation for the NC Center for Applied Textile Technology based on administrative savings from the merger with Gaston College.	($475,000)	R	($475,000)	R
90 Hosiery Technology Center Increases the Hosiery Technology Center's budget to $600,000, replacing funds lost from the Worker Training Trust Fund. These funds are being transferred from the NC Center for Applied Textile Technology (see item above).	$475,000	R	$475,000	R
91 Customized Industry Training Provides funding for a new workforce development program in the community college system that will allow colleges to serve companies that need training in order to stay competitive. The new program will complement training available to industry through Focused Industrial Training and New and Expanding Industry Training.	$2,750,000	R	$2,750,000	R

	FY 05-06		FY 06-07	
92 Small Business Centers Provides additional funding for the small business centers located at each community college.	$1,000,000	R	$1,000,000	
93 UNC-NCCCS 2+2 E-Learning Initiative Provides funding to support the development of 2+2 distance education programs, professional development for 2+2 faculty, technology development and purchases, and to track students' progress between NCCCS and UNC. The university budget includes an additional $1 million to support the university side of this initiative.	$1,000,000	R	$1,000,000	R
94 Equipment Provides additional funding for community college equipment. Of these funds, up to $500,000 may be used for the design of a replacement boat for the Marine Technology Program at Cape Fear Community College.	$10,000,000	R	$10,000,000	R
95 NCCCS BioNetwork Provides funding for the NCCCS BioNetwork.	$7,101,864	R	$7,101,864	R
96 Advanced Manufacturing Center Provides funding for the construction of the Bosch & Siemens Advanced Manufacturing Center at Craven Community College.	$7,400,000	NR		
97 Defense Technology Innovation Center Provides funds to the NC Electronics and Information Technologies Association (NCEITA) for the development of the Defense Technology Innovation Center, a business incubator focusing on economic development opportunities in the industries relating to homeland security and national defense.	$2,000,000	NR		
98 Surry CC Viticulture Center Provides funding for the expansion of the Viticulture Center at Surry Community College. These funds may be used for construction or equipment.	$300,000	NR		
99 NC REAL Provides funding for NC REAL to replace funds formerly appropriated from the Worker Training Trust Fund.	$150,000	NR		
B. Administrative and Instructional Formulae				
100 Curriculum Instructional Formula Authorizes the State Board of Community Colleges to modify the curriculum instructional formula by adjusting the unit value.	($7,608,407)	R	($7,608,407)	R
C. System Office				
101 System Office Personnel Provides additional funding for two accounting specialists in the Division of Business and Finance, an administrative assistant in the Executive Division, and a Fire and Law Training Coordinator in the Workforce Development Division.	$225,000 4.00	R	$225,000 4.00	R

	FY 05-06		FY 06-07	
102 Director of College Development Provides funding for a new position in the Executive Division to assist colleges with fund raising, grant development, and the federal grant process.	$86,000 1.00	R	$86,000 1.00	R
103 Receipt Supported Positions Allows for the creation of the following receipt supported positions in the Community College System Office: A. Career Readiness Certification - Workforce Investment Act Funds through the Division of Employment & Training in the Department of Commerce 1 Education Consultant II - $80,155.40 This position will provide leadership and policy direction to the new Career Readiness Certification System that will be implemented by NCCCS, the local colleges, and the JobLink Career Centers across the State.				
D. Enrollment, Tuition, and Financial Aid				
104 Enrollment Fully funds the community college enrollment increase. Enrollment increased by 2,449 FTE in FY 04-05, from 188,610 FTE to 191,059, a 1.30% increase.	$7,802,343	R	$7,802,343	R
105 Need Based Financial Aid Funds the Need Based Financial Aid program from the Escheats Fund. An additional $3,000,000 will be appropriated from the Escheats fund - $2 million to offset the change in Pell Grant eligibility, and $1 million to offset an increase in tuition. The total amount available for Need Based Financial Aid will be $13,981,202.	($10,981,202)	R	($10,981,202)	R
106 Tuition Increases community college tuition by 4%, from $38 per credit hour to $39.50. Full-time students will pay $632 per semester or $1,264 per year.	($5,577,516)	R	($5,577,516)	R
107 Enrollment Reserve Fund Creates an enrollment reserve fund to assist colleges that experience high growth in the Fall Semester. Funds shall be distributed to colleges in which the enrollment growth in the Fall semester exceeds 5% over the previous year.	$2,000,000	NR		
E. Faculty Salaries				
108 Increase Faculty and Professional Staff Salaries Funds are included in the Salary Reserve Section of this budget to provide an additional 2% increase to faculty and professional staff in the community colleges. These funds are in addition to funds provided for State Employee increases.				

House Subcommittee on Education	FY 05-06		FY 06-07	
Total Legislative Changes	**$6,317,206**	**R**	**$6,317,206**	**R**
	$11,850,000	**NR**		
Total Position Changes	5.00		5.00	
Revised Budget	**$774,488,086**		**$762,648,029**	

3.1 increase to CC

House Appropriations Subcommittee on Education
Special Provisions

June 10, 2005

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H60(S7.1)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective for the 2005-2006 school year, the Director of the Budget shall transfer from the Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools funds necessary to implement the teacher salary schedules set out in subsection (b) of this section and for longevity in accordance with subsection (d) of this section, including funds for the employer's retirement and social security contributions 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.

SECTION 7.1.(b) The following monthly salary schedules shall apply for the 2005-2006 fiscal year 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.

2005-2006 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	$2,558	N/A
1	$2,600	N/A
2	$2,644	N/A
3	$2,800	$3,136
4	$2,941	$3,294
5	$3,075	$3,444
6	$3,204	$3,588
7	$3,308	$3,705
8	$3,356	$3,759
9	$3,406	$3,815
10	$3,456	$3,871
11	$3,505	$3,926
12	$3,557	$3,984
13	$3,607	$4,040
14	$3,660	$4,099

15	$3,715	$4,161
16	$3,770	$4,222
17	$3,825	$4,284
18	$3,884	$4,350
19	$3,942	$4,415
20	$4,000	$4,480
21	$4,063	$4,551
22	$4,124	$4,619
23	$4,189	$4,692
24	$4,254	$4,764
25	$4,319	$4,837
26	$4,386	$4,912
27	$4,454	$4,988
28	$4,524	$5,067
29	$4,596	$5,148

2005-2006 Monthly Salary Schedule
"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,814	N/A
1	$2,860	N/A
2	$2,908	N/A
3	$3,080	$3,450
4	$3,235	$3,623
5	$3,383	$3,789
6	$3,524	$3,947
7	$3,639	$4,076
8	$3,692	$4,135
9	$3,747	$4,197
10	$3,802	$4,258
11	$3,856	$4,319
12	$3,913	$4,383
13	$3,968	$4,444
14	$4,026	$4,509
15	$4,087	$4,577
16	$4,147	$4,645
17	$4,208	$4,713
18	$4,272	$4,785
19	$4,336	$4,856
20	$4,400	$4,928
21	$4,469	$5,005
22	$4,536	$5,080

23	$4,608	$5,161
24	$4,679	$5,240
25	$4,751	$5,321
26	$4,825	$5,404
27	$4,899	$5,487
28	$4,976	$5,573
29	$5,056	$5,663

SECTION 7.1.(c) Annual longevity payments for teachers shall be at the rate of 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. The longevity payment shall be paid in a lump sum once a year.

SECTION 7.1.(d) Certified public schoolteachers 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 schoolteachers 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 7.1.(e) 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 7.1.(f) 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.

SECTION 7.1.(g) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 7.1.(h) As used in this section, the term "teacher" shall also include instructional support personnel.

DRAFT
SPECIAL PROVISION

2005-DPI-H61(S7.2)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2.(a) Effective for the 2005-2006 school year, the Director of the Budget shall transfer from the Reserve for Compensation Increases funds necessary to implement the salary schedules for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 7.2.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2005-2006 fiscal year, commencing July 1, 2005, is as follows:

2005-2006
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	3,267	-	-	-	-
5	3,417	-	-	-	-
6	3,559	-	-	-	-
7	3,675	-	-	-	-
8	3,728	3,728	-	-	-
9	3,783	3,783	-	-	-
10	3,839	3,839	3,895	-	-
11	3,895	3,895	3,951	-	-
12	3,951	3,951	4,007	4,066	-
13	4,007	4,007	4,066	4,127	4,187
14	4,066	4,066	4,127	4,187	4,251
15	4,127	4,127	4,187	4,251	4,314
16	4,187	4,187	4,251	4,314	4,379
17	4,251	4,251	4,314	4,379	4,445
18	4,314	4,314	4,379	4,445	4,514
19	4,379	4,379	4,445	4,514	4,582
20	4,445	4,445	4,514	4,582	4,654
21	4,514	4,514	4,582	4,654	4,726
22	4,582	4,582	4,654	4,726	4,798

23	4,654	4,654	4,726	4,798	4,872
24	4,726	4,726	4,798	4,872	4,949
25	4,798	4,798	4,872	4,949	5,027
26	4,872	4,872	4,949	5,027	5,107
27	4,949	4,949	5,027	5,107	5,209
28	5,027	5,027	5,107	5,209	5,313
29	5,107	5,107	5,209	5,313	5,419
30	5,209	5,209	5,313	5,419	5,527
31	5,313	5,313	5,419	5,527	5,638
32	-	5,419	5,527	5,638	5,751
33	-	-	5,638	5,751	5,866
34	-	-	5,751	5,866	5,983
35	-	-	-	5,983	6,103
36	-	-	-	6,103	6,225
37	-	-	-	-	6,350

2005-2006
Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
0-14	4,314	-	-	-
15	4,379	-	-	-
16	4,445	4,514	-	-
17	4,514	4,582	4,726	-
18	4,582	4,654	4,798	4,872
19	4,654	4,726	4,872	4,949
20	4,726	4,798	4,949	5,027
21	4,798	4,872	5,027	5,107
22	4,872	4,949	5,107	5,209
23	4,949	5,027	5,209	5,313
24	5,027	5,107	5,313	5,419
25	5,107	5,209	5,419	5,527
26	5,209	5,313	5,527	5,638
27	5,313	5,419	5,638	5,751
28	5,419	5,527	5,751	5,866
29	5,527	5,638	5,866	5,983
30	5,638	5,751	5,983	6,103
31	5,751	5,866	6,103	6,225
32	5,866	5,983	6,225	6,350
33	5,983	6,103	6,350	6,477
34	6,103	6,225	6,477	6,607
35	6,225	6,350	6,607	6,739
36	6,350	6,477	6,739	6,874

37	6,477	6,607	6,874	7,011
38	6,607	6,739	7,011	7,151
39	-	6,874	7,151	7,294
40	-	7,011	7,294	7,440
41	-	-	7,440	7,589

SECTION 7.2.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high 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 and in cooperative innovative high school programs 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 7.2.(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 7.2.(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 7.2.(f) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 7.2.(g) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit

with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

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

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

SECTION 7.2.(h) Participants in an approved full-time masters in school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. For the 2005-2006 fiscal year and subsequent fiscal years, the 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. The Principal Fellows Program or the school of education where the intern participates in a full-time masters in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7.2.(i) During the 2005-2006 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

DRAFT
SPECIAL PROVISION

2005-DPI-H71(S7.3)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

CENTRAL OFFICE SALARIES

SECTION 7.3.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2005-2006 fiscal year, beginning July 1, 2005.

School Administrator I	$2,932	$5,533
School Administrator II	$3,112	$5,869
School Administrator III	$3,303	$6,225
School Administrator IV	$3,436	$6,474
School Administrator V	$3,574	$6,735
School Administrator VI	$3,792	$7,143
School Administrator VII	$3,945	$7,430

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.

SECTION 7.3.(b) The monthly salary ranges that follow apply to public school superintendents for the 2005-2006 fiscal year, beginning July 1, 2005.

Superintendent I	$4,187	$7,883
Superintendent II	$4,445	$8,359
Superintendent III	$4,716	$8,868
Superintendent IV	$5,005	$9,406
Superintendent V	$5,312	$9,980

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.

SECTION 7.3.(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.

SECTION 7.3.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers 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 pursuant to this section. Superintendents, assistant

superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers 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 under this section.

SECTION 7.3.(e) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 7.3.(f) The annual salary increase for all permanent full-time personnel paid from the Central Office Allotment shall be the greater of five hundred dollars ($500.00) or two and one-half percent (2.5%), commencing July 1, 2005. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing salary increases to these personnel.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H70(S7.4)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

NONCERTIFIED PERSONNEL SALARY

SECTION 7.4.(a) The annual salary increase for permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be the greater of five hundred dollars ($500.00) or two and one-half percent (2.5%), commencing July 1, 2005.

SECTION 7.4.(b) Local boards of education shall increase the rates of pay for such employees who were employed for all or part of fiscal year 2004-2005 and who continue their employment for fiscal year 2005-2006 by providing an annual salary increase for employees of the greater of five hundred dollars ($500.00) or two and one-half percent (2.5%).

For part-time employees, the pay increase shall be pro rata based on the number of hours worked.

SECTION 7.4.(c) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of the greater of five hundred dollars ($500.00) or two and one-half percent (2.5%) for the 2005-2006 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H29(S7.5)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Effective July 1, 2005, any permanent certified personnel employed on July 1, 2003, and paid on the teacher salary schedule with 29+ years of experience shall receive a one-time bonus equivalent to the average increase of the 26 to 29 year steps. Effective July 1, 2005, any permanent personnel employed on July 1, 2004, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%).

For permanent part-time personnel, the one-time bonus shall be adjusted pro rata. Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

DRAFT
SPECIAL PROVISION

2005-DPI-H30(S7.6)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.6.(a) Funds for Supplemental Funding. – The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement. Therefore, funds are appropriated to State Aid to Local School Administrative Units for the 2005-2006 fiscal year and the 2006-2007 fiscal year to be used for supplemental funds for the schools.

SECTION 7.6.(b) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only: (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks; (ii) for salary supplements for instructional personnel and instructional support personnel; and (iii) to pay an amount not to exceed ten thousand dollars ($10,000) of the plant operation contract cost charged by the Department of Public Instruction for services.

Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools, such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

SECTION 7.6.(c) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:

a. Anticipated county property tax revenue availability,

b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,

c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521, and

d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:

a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,

b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,

c. Add to the resulting amount the:

1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,

2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and

3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:

a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,

b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,

c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,

d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(10a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(12) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(14) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(14a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.6.(d) Eligibility for Funds. – Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.6.(e) Allocation of Funds. – Except as provided in subsection (g) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units.

If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 7.6.(f) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.6.(g) Minimum Effort Required. – Counties that had effective tax rates in the 1996-1997 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-1998 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only.

This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 7.6.(h) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2005-2007 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a

finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

SECTION 7.6.(i) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2006, if it determines that counties have supplanted funds.

SECTION 7.6.(j) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

DRAFT
SPECIAL PROVISION



2005-DPI-H31(S7.7)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.7.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program enhancement teachers adequate to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least seven hundred forty thousand seventy-four dollars ($740,074), excluding textbooks for the 2005-2006 fiscal year and a base of seven hundred forty thousand seventy-four dollars ($740,074) for the 2006-2007 fiscal year.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 7.7.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2005-2007 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show: (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

SECTION 7.7.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be phased out over a two-year period. For the first year of ineligibility, the unit shall receive the same amount it received for the prior fiscal year. For the second year of ineligibility, it shall receive one-half of that amount.

If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the population of the county in which the local school administrative unit is located, funding for that unit shall be continued for five years after the unit becomes ineligible.

SECTION 7.7.(d) Definitions. – As used in this section:

(1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(2a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(3) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(4) "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(4a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.7.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2006, if it determines that counties have supplanted funds.

SECTION 7.7.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

DRAFT
SPECIAL PROVISION

2005-DPI-H12(S7.8)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING

SECTION 7.8.(a) Funds are appropriated in this act to address the capacity needs of local school administrative units to meet the needs of disadvantaged students. Each local school administrative unit shall use funds allocated to it for disadvantaged student supplemental funding to implement a plan jointly developed by the unit and the LEA Assistance Program team. The plan shall be based upon the needs of students in the unit not achieving grade-level proficiency. The plan shall detail how these funds shall be used in conjunction with all other supplemental funding allotments such as Low-Wealth, Small County, At-Risk Student Services/Alternative Schools, and Improving Student Accountability, to provide instructional and other services that meet the educational needs of these students. Prior to the allotment of disadvantaged student supplemental funds, the plan shall be approved by the State Board of Education.

Funds received for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to:

(1) Provide instructional positions or instructional support positions and/or professional development;
(2) Provide intensive in-school and/or after-school remediation;
(3) Purchase diagnostic software and progress-monitoring tools; and
(4) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

The State Board of Education may require districts receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value Added Assessment System in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement.

SECTION 7.8.(b) Funds are appropriated in this act to evaluate the Disadvantaged Students Supplemental Funding Initiative. The State Board of Education shall use these funds to:

(1) Evaluate the strategies implemented by local school administrative units with Disadvantaged Student Supplemental Funds and other supplemental funds and assess their impact on student performance; and

(2) Evaluate the efficiency and effectiveness of the technical assistance and support provided to local school administrative units by the Department of Public Instruction.

The State Board of Education shall report the results of the evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by February 15, 2006, and by January 15 of each subsequent year.

DRAFT
SPECIAL PROVISION

2005-DPI-H32(S7.9)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

STUDENTS WITH LIMITED ENGLISH PROFICIENCY

SECTION 7.9.(a) The State Board of Education shall develop guidelines for identifying and providing services to students with limited proficiency in the English language.

The State Board shall allocate these funds to local school administrative units and to charter schools under a formula that takes into account the average percentage of students in the units or the charters over the past three years who have limited English proficiency. The State Board shall allocate funds to a unit or a charter school only if (i) average daily membership of the unit or the charter school includes at least 20 students with limited English proficiency or (ii) students with limited English proficiency comprise at least two and one-half percent (2.5%) of the average daily membership of the unit or charter school. For the portion of the funds that is allocated on the basis of the number of identified students, the maximum number of identified students for whom a unit or charter school receives funds shall not exceed ten and six-tenths percent (10.6%) of its average daily membership.

Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional supplies/equipment, transportation costs, and staff development of teachers for students with limited English proficiency.

A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds.

SECTION 7.9.(b) The Department of Public Instruction shall prepare a current head count of the number of students classified with limited English proficiency by December 1 of each year.

Students in the head count shall be assessed at least once every three years to determine their level of English proficiency. A student who scores "superior" on the standard English language proficiency assessment instrument used in this State shall not be included in the head count of students with limited English proficiency.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H33(S7.10)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

FLEXIBILITY FOR THE HIGHEST PRIORITY ELEMENTARY SCHOOLS

SECTION 7.10. The State Board of Education may allow high priority schools that have made high growth for three consecutive years to be removed from the list of high priority schools. If a local board of education chooses to have a school removed from the list of high priority schools, the additional high priority funding for that school shall be discontinued.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H34(S7.11)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS

SECTION 7.11. The State Board of Education may use up to two hundred thousand dollars ($200,000) of the funds in the Alternative Schools/At-Risk Student allotment each year for the 2005-2006 fiscal year and for the 2006-2007 fiscal year to implement G.S. 115C-12(24).

DRAFT
SPECIAL PROVISION

2005-DPI-H9(S7.12)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.12. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand eight hundred thirty-eight dollars and thirty-nine cents ($2,838.39) per child for a maximum of 168,602 children for the 2005-2006 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of the 2005-2006 allocated average daily membership in the local school administrative unit.

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

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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H8(S7.13)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.13. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of nine hundred eight dollars and sixty-six cents ($908.66) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2005-2006 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 55,895 children for the 2005-2006 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.

DRAFT
SPECIAL PROVISION



2005-DPI-H35(S7.14)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY

SECTION 7.14.(a) Funds appropriated for the 2005-2006 and 2006-2007 fiscal years for Student Accountability Standards shall be used to assist students to perform at or above grade level in reading and mathematics in grades 3-8 as measured by the State's end-of-grade tests. The State Board of Education shall allocate these funds to LEAs based on the number of students who score at Level I or Level II on either reading or mathematics end-of-grade tests in grades 3-8. Funds in the allocation category shall be used to improve the academic performance of (i) students who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 or (ii) students who are performing at Level I or II on the writing tests in grades 4 and 7. These funds may also be used to improve the academic performance of students who are performing at Level I or II on the high school end-of-course tests. These funds shall not be transferred to other allocation categories or otherwise used for other purposes. Except as otherwise provided by law, local boards of education may transfer other funds available to them into this allocation category.

The principal of a school receiving these funds, in consultation with the faculty and the site-based management team, shall implement plans for expending these funds to improve the performance of students.

Local boards of education are encouraged to use federal funds such as Title I Comprehensive School Reform Development Funds and to examine the use of State funds to ensure that every student is performing at or above grade level in reading and mathematics.

These funds shall be allocated to local school administrative units for the 2005-2006 fiscal year within 30 days of the date this act becomes law.

SECTION 7.14.(b) Funds appropriated for Student Accountability Standards shall not revert at the end of each fiscal year but shall remain available for expenditure until August 31 of the subsequent fiscal year.

DRAFT
SPECIAL PROVISION

2005-DPI-H36(S7.15)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

LITIGATION RESERVE FUNDS

SECTION 7.15. The State Board of Education may expend up to five hundred thousand dollars ($500,000) each year for the 2005-2006 and 2006-2007 fiscal years from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H37(S7.16)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

BASE BUDGET REDUCTION TO DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.16. Notwithstanding any other provision of law, the Department of Public Instruction may use salary reserve funds and other funds and may transfer funds within the Department's continuation budget to implement budget reductions for the 2005-2006 fiscal year.

DRAFT
SPECIAL PROVISION

2005-DPI-H38(S7.17)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

REPLACEMENT SCHOOL BUSES FUNDS

SECTION 7.17.(a) The State Board of Education may impose any of the following conditions on allotments to local boards of education for replacement school buses:

(1) The local board of education shall 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 shall 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 Department of Administration, Division of Purchase and Contract, in cooperation with the State Board of Education, shall solicit bids for the direct purchase of school buses and activity buses and shall establish a statewide term contract for use by the State Board of Education. Local boards of education and other agencies shall be eligible to purchase from the statewide term contract. The State Board of Education shall also solicit bids for the financing of school buses.

(5) A bus financed pursuant to this section shall meet all federal motor vehicle safety regulations for school buses.

(6) Any other condition the State Board of Education considers appropriate.

SECTION 7.17.(b) Any term contract for the purchase or lease-purchase of school buses or school activity buses shall not require vendor payment of the electronic procurement transaction fee of the North Carolina E-Procurement Service.

DRAFT
SPECIAL PROVISION

2005-DPI-H39(S7.18)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

EXPENDITURES FOR DRIVING ELIGIBILITY CERTIFICATES

SECTION 7.18. G.S. 115C-12(28) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(28) Duty to Develop Rules for Issuance of Driving Eligibility Certificates. – The State Board of Education shall adopt the following rules to assist schools in their administration of procedures necessary to implement G.S. 20-11 and G.S. 20-13.2:

a. To define what is equivalent to a high school diploma for the purposes of G.S. 20-11 and G.S. 20-13.2. These rules shall apply to all educational programs offered in the State by public schools, charter schools, nonpublic schools, or community colleges.

b. To establish the procedures a person who is or was enrolled in a public school or in a charter school must follow and the requirements that person shall meet to obtain a driving eligibility certificate.

c. To require the person who is required under G.S. 20-11(n) to sign the driving eligibility certificate to provide the certificate if he or she determines that one of the following requirements is met:

1. The person seeking the certificate is eligible for the certificate under G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).
2. The person seeking the certificate is eligible for the certificate under G.S. 20-11(n)(1) and G.S. 20-11(n1).

These rules shall apply to public schools and charter schools.

d. To provide for an appeal to an appropriate education authority by a person who is denied a driving eligibility certificate. These rules shall apply to public schools and charter schools.

e. To define exemplary student behavior and to define what constitutes the successful completion of a drug or alcohol treatment counseling program. These rules shall apply to public schools and charter schools.

The State Board also shall develop policies as to when it is appropriate to notify the Division of Motor Vehicles that a person who is or was enrolled in a public school or in a charter school no longer meets the requirements for a driving eligibility certificate.

The State Board shall develop a form for parents, guardians, or emancipated juveniles, as appropriate, to provide their written, irrevocable consent for a school to disclose to the Division of Motor Vehicles that the student no longer meets the conditions for a driving eligibility certificate under G.S. 20-11(n)(1) or G.S. 20-11(n1), if applicable, in the event that this disclosure is necessary to comply with G.S. 20-11 or G.S. 20-13.2. Other than identifying under which statutory subsection the student is no longer eligible, no other details or information concerning the student's school record shall be released pursuant to this consent. This form shall be used for students enrolled in public schools or charter schools.

The State Board of Education may use funds appropriated for drivers education to cover the costs of driving eligibility certificates."

DRAFT
SPECIAL PROVISION

2005-DPI-H40(S7.19)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

SECTION 7.19.(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 7.19.(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.

DRAFT
SPECIAL PROVISION

2005-DPI-H41(S7.20)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

CHARTER SCHOOL ADVISORY COMMITTEE/CHARTER SCHOOL EVALUATION

SECTION 7.20. The State Board of Education may spend up to fifty thousand dollars ($50,000) a year from State Aid to Local School Administrative Units for the 2005-2006 and 2006-2007 fiscal years to continue support of a charter school advisory committee and to continue to evaluate charter schools.

DRAFT
SPECIAL PROVISION



2005-DPI-H42(S7.21)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

MENTOR TEACHER FUNDS MAY BE USED FOR FULL-TIME MENTORS

SECTION 7.21.(a) The State Board of Education shall grant flexibility to a local board of education regarding the use of mentor funds to provide mentoring support, provided the local board submits a detailed plan on the use of the funds to the State Board and the State Board approves that plan. The plan shall include information on how all mentors in the local school administrative unit have been or will be adequately trained to provide mentoring support.

Local boards of education shall use funds allocated for mentor teachers to provide mentoring support to all State-paid newly certified teachers, second-year teachers who were assigned mentors during the prior school year, and entry-level instructional support personnel who have not previously been teachers.

SECTION 7.21.(b) The State Board, after consultation with the Professional Teaching Standards Commission, shall adopt standards for mentor training.

SECTION 7.21.(c) Each local board of education with a plan approved pursuant to subsection (a) of this section shall report to the State Board on the impact of its mentor program on teacher retention. The State Board shall analyze these reports to determine the characteristics of mentor programs that are most effective in retaining teachers and shall report its findings to the Joint Legislative Education Oversight Committee by October 15, 2006.

SECTION 7.21.(d) In addition to the report required in subsection (c) of this section, the State shall also evaluate the effectiveness of a representative sample of local mentor programs and report on its findings to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15, 2006. The evaluation shall focus on quantitative evidence, quality of service delivery, and satisfaction of those involved. The report shall include the results of the evaluation and recommendations both for improving mentor programs generally and for an appropriate level of State support for mentor programs.

DRAFT
SPECIAL PROVISION

2005-DPI-H43(S7.22)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

VISITING INTERNATIONAL EXCHANGE TEACHERS

SECTION 7.22.(a) G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(5a) Positions allocated for classroom teachers may be converted to dollar equivalents to contract for visiting international exchange teachers. These positions shall be converted at the statewide average salary for classroom teachers, including benefits. The converted funds shall be used only to cover the costs associated with bringing visiting international exchange teachers to the local school administrative unit through a State-approved visiting international exchange teacher program and supporting the visiting exchange teachers."

SECTION 7.22.(b) The Visiting International Faculty Program is a State-approved visiting international exchange teacher program.

DRAFT
SPECIAL PROVISION

2005-DPI-H44(S7.23)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.23.(a) The State Board of Education shall use funds appropriated in this act for State Aid to Local School Administrative Units to provide incentive funding for schools that met or 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:

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

a. Up to one thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and

b. Up to five hundred dollars ($500.00) for each teacher assistant.

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

a. Up to seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and

b. Up to three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 7.23.(b) The State Board of Education may use funds appropriated to the State Public School Fund for assistance teams to low-performing schools.

DRAFT
SPECIAL PROVISION



2005-DPI-H45(S7.24)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

LEA ASSISTANCE PROGRAM

SECTION 7.24. Of the funds appropriated to the State Public School Fund, the State Board of Education shall use five hundred thousand dollars ($500,000) for the 2005-2006 fiscal year and five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year 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, 2006, and by December 15, 2007. 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. These funds shall not revert at the end of each fiscal year but shall remain available until expended for this purpose.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H46(S7.25)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

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

SECTION 7.25.(a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2005-2006 and 2006-2007 fiscal years but shall remain available until expended.

SECTION 7.25.(b) This section becomes effective June 30, 2005.

DRAFT
SPECIAL PROVISION

2005-DPI-H10(S7.26)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

PUBLIC SCHOOL BUILDING CAPITAL AND TECHNOLOGY FUND

SECTION 7.26.(a) The title of Article 38A of Chapter 115C of the General Statutes reads as rewritten:

"Article 38A.

Public School Building Capital and Technology Fund."

SECTION 7.26.(b) G.S. 115C-546.1 reads as rewritten:

"**§ 115C-546.1. Creation of Fund; administration.**

(a) There is created the Public School Building Capital and Technology Fund. The Fund shall be used to assist county governments in meeting their public school building capital needs and their equipment needs under their local school technology plans.

(b) Each calendar quarter, the Secretary of Revenue shall remit to the State Treasurer ~~for credit to the Public School Building Capital Fund~~ an amount equal to ~~the applicable fraction provided in the table below~~ five sixty-ninths of the net collections received during the previous quarter by the Department of Revenue under G.S. 105-130.3. Of these funds, two million five hundred thousand dollars ($2,500,000) shall be for credit to the State Public School Fund, and the remainder shall be for credit to the Public School Capital and Technology Fund. All funds deposited in the Public School Building Capital and Technology Fund shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3.

~~Period~~	~~Fraction~~
~~10/1/97 to 9/30/98~~	~~One-fifteenth (1/15)~~
~~10/1/98 to 9/30/99~~	~~Two-twenty-ninths (2/29)~~
~~10/1/99 to 9/30/00~~	~~One-fourteenth (1/14)~~
~~After 9/30/00~~	~~Five-sixty-ninths (5/69)~~

(c) The Fund shall be administered by the Department of Public Instruction. "

SECTION #.(c) Notwithstanding the provisions of G.S. 115C-546.1(b), as rewritten by subsection (a) of this section, for the first quarter of the 2005-2006 fiscal year only, the Secretary of Revenue shall remit to the State Treasurer an amount equal to five sixty-ninths of the net collections received during the previous quarter by the Department of Revenue under G.S. 105-130.3. Of these funds, four million five hundred thousand dollars ($4,500,000) shall be for credit to the State Public School Fund, and the remainder shall be for credit to the Public School Capital and Technology Fund.

DRAFT
SPECIAL PROVISION



2005-DPI-H47(S7.27)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

LEA SALES TAX REFUND REPORTING

SECTION 7.27.(a) G.S. 105-164.14(c) reads as rewritten:

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

This subsection applies only to the following governmental entities:

(1) A county.
(2) A city as defined in G.S. 160A-1.
(2a) A consolidated city-county as defined in G.S. 160B-2.
(2b) A local school administrative unit.
(2c) A joint agency created by interlocal agreement among local school administrative units pursuant to G.S. 160A-462 to jointly purchase food service-related materials, supplies, and equipment on their behalf.
(3) A metropolitan sewerage district or a metropolitan water district in this State.
(4) A water and sewer authority created under Chapter 162A of the General Statutes.
(5) A lake authority created by a board of county commissioners pursuant to an act of the General Assembly.
(6) A sanitary district.
(7) A regional solid waste management authority created pursuant to G.S. 153A-421.

(8) An area mental health, developmental disabilities, and substance abuse authority, other than a single-county area authority, established pursuant to Article 4 of Chapter 122C of the General Statutes.

(9) A district health department, or a public health authority created pursuant to Part 1A of Article 2 of Chapter 130A of the General Statutes.

(10) A regional council of governments created pursuant to G.S. 160A-470.

(11) A regional planning and economic development commission or a regional economic development commission created pursuant to Chapter 158 of the General Statutes.

(12) A regional planning commission created pursuant to G.S. 153A-391.

(13) A regional sports authority created pursuant to G.S. 160A-479.

(14) A public transportation authority created pursuant to Article 25 of Chapter 160A of the General Statutes.

(14a) A facility authority created pursuant to Part 4 of Article 20 of Chapter 160A of the General Statutes.

(15) A regional public transportation authority created pursuant to Article 26 of Chapter 160A of the General Statutes, or a regional transportation authority created pursuant to Article 27 of Chapter 160A of the General Statutes.

(16) A local airport authority that was created pursuant to a local act of the General Assembly.

(17) A joint agency created by interlocal agreement pursuant to G.S. 160A-462 to operate a public broadcasting television station.

(18) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.

(19) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.

(20) A constituent institution of The University of North Carolina, but only with respect to sales and use tax paid by it for tangible personal property or services that are eligible for refund under this subsection acquired by it through the expenditure of contract and grant funds.

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

(22) A regional natural gas district created pursuant to Article 28 of Chapter 160A of the General Statutes."

SECTION 7.27.(b) G.S. 105-259(b) is amended by adding a new subdivision to read:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person unless the disclosure is made for one of the following purposes:

...

(32) To provide the report required under G.S. 105-164.14(c) to the Department of Public Instruction and the Fiscal Research Division of the General Assembly."

SECTION 7.27.(c) In addition to the report required under G.S. 105-164.14(c), as amended by this section, the Secretary of Revenue shall make a report to the Department of Public Instruction and the Fiscal Research Division of the General Assembly within 30 days after this act becomes law of the amount of refunds, identified by taxpayer, claimed under subdivisions (2b) and (2c) of G.S. 105-164.14(c) during the 2002-2003, 2003-2004, and 2004-2005 fiscal years.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H48(S7.28)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

REVIEW OF STANDARDS FOR MASTERS IN SCHOOL ADMINISTRATION PROGRAMS

SECTION 7.28. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall review standards for Masters in School Administration programs to ensure that appropriate competencies related to teacher retention, teacher evaluations, teacher support programs, and teacher effectiveness are included and emphasized.

DRAFT
SPECIAL PROVISION

2005-DPI-H13(S7.29)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

EVALUATION OF SCHOOL PRINCIPALS

SECTION 7.29. Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-286.1. Evaluations of principals.**

Local school administrative units shall evaluate all principals and assistant principals at least once each year. Either the superintendent or the superintendent's designee shall conduct the evaluations.

The State Board shall determine the standards and criteria to be used in the evaluations. A local board shall use the performance standards and criteria adopted by the State Board unless the board develops an alternative evaluation that is properly validated and that includes standards and criteria similar to those adopted by the State Board."

DRAFT
SPECIAL PROVISION

2005-DPI-H14(S7.30)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

PLANNING TIME FOR TEACHERS

SECTION 7.30. The State Board of Education shall report on best practices from North Carolina schools for providing a minimum of five hours per week within the instructional day for planning, collaborating with colleagues and parents, and professional development, especially within elementary school schedules. The State Board shall submit its report to the Education Cabinet and to the Joint Legislative Education Oversight Committee by January 15, 2006.

The State Board shall disseminate this information about best practices to schools and school systems across the State.

DRAFT
SPECIAL PROVISION

2005-DPI-H11(S7.32)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

LEARN AND EARN HIGH SCHOOLS

SECTION 7.32.(a) Funds are appropriated in this act for the Learn and Earn high school workforce development program. The purpose of the program is to create rigorous and relevant high school options that provide students with the opportunity and assistance to earn an associate degree or two years of college credit by the conclusion of the year after their senior year in high school. The State Board of Education shall work closely with the Education Cabinet and the New Schools Project in administering the program.

SECTION 7.32.(b) These funds shall be used to establish new high schools in which a local school administrative unit, two- and four-year colleges and universities, and local employers work together to ensure that high school and postsecondary college curricula operate seamlessly and meet the needs of participating employers.

Funds shall not be allotted until Learn and Earn high schools are certified as operational.

SECTION 7.32.(c) During the first year of its operation, a high school established under G.S. 115C-238.50 shall be allotted a principal regardless of the number of State-paid teachers assigned to the school or the number of students enrolled in the school. The budget flexibility authorized by G.S. 115C-105.25 does not apply to these positions.

SECTION 7.32.(d) The State Board of Education, in consultation with the State Board of Community Colleges and The University of North Carolina Board of Governors, shall conduct an annual evaluation of this program. The evaluation shall include measures as identified in G.S. 115C-238.55. It shall also include: (i) an accounting of how funds and personnel resources were utilized and their impact on student achievement, retention, and employability; (ii) recommended statutory and policy changes; and (iii) recommendations for improvement of the program. The State Board of Education shall report the results of this evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by January 15 of each fiscal year.

DRAFT
SPECIAL PROVISION

2005-DPI-H15(S7.33)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

FLEXIBILITY FOR HIGH SCHOOL INNOVATION

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

"Part 9. Cooperative Innovative High School Programs.

"§ 115C-238.50. Purpose.

(a) The purpose of this Part is to authorize ~~boards of trustees of community colleges and local boards of education to jointly establish~~ local boards of education to jointly establish with one or more boards of trustees cooperative innovative programs in high schools and ~~community~~ colleges or universities that will expand students' opportunities for educational success through high quality instructional programming. These cooperative innovative high school programs shall target:

(1) High school students who are at risk of dropping out of school before attaining a high school diploma; or

(2) High school students who would benefit from accelerated academic instruction.

(b) All the cooperative innovative high school programs established under this Part shall:

(1) Prepare students adequately for future learning in the workforce or in an institution of higher education.

(2) Expand students' educational opportunities within the public school system.

(3) Be centered on the core academic standards represented by the college preparatory or tech prep program of study as defined by the State Board of Education.

(4) Encourage the cooperative or shared use of resources, personnel, and facilities between public schools and ~~community colleges.~~ colleges or universities, or both.

(5) Integrate and emphasize both academic and technical skills necessary for students to be successful in a more demanding and changing workplace.

(6) Emphasize parental involvement and provide consistent counseling, advising, and parent conferencing so that parents and students can make responsible decisions regarding course taking and can track the students' academic progress and success.

(7) Be held accountable for meeting measurable student achievement results.

(8) Encourage the use of different and innovative teaching methods.

(9) Establish joint institutional responsibility and accountability for support of students and their success.

(10) Effectively utilize existing funding sources for high school, ~~community~~ college, university, and vocational programs and actively pursue new funding from other sources.

(11) Develop methods for early identification of potential participating students in the middle grades and through high school.

(12) Reduce the percentage of students needing remedial courses upon their initial entry from high school into a college or university.

(c) Programs developed under this Part that target students who are at risk of dropping out of high school before attaining a high school diploma shall:

(1) Provide these students with the opportunity to graduate from high school possessing the core academic skills needed for postsecondary education and high-skilled employment.

(2) Enable students to complete a technical or academic program in a field that is in high demand and has high wages.

(3) Set and achieve goals that significantly reduce dropout rates and raise high school and ~~community~~ college retention, certification, and degree completion rates.

(4) Enable students who complete these programs to pass employer exams, if applicable.

(d) Cooperative innovative high school programs that offer accelerated learning programs shall:

(1) Provide a flexible, customized program of instruction for students who would benefit from accelerated, higher level coursework or early graduation from high school.

(2) Enable students to obtain a high school diploma in less than four ~~years and~~ years, to begin or complete an associate degree ~~program or~~ program, to master a certificate or vocational ~~program.~~program, or to earn up to two years of college credit.

(3) Offer a college preparatory academic core and in-depth studies in a career or technical field that will lead to advanced programs or employment opportunities in engineering, health sciences, or teaching.

(e) Cooperative innovative high school programs may include the creation of a school within a school, a technical high school, or a high school or technical center located on the campus of a ~~community college.~~college or university.

(f) Students are eligible to attend these programs as early as ninth grade.

"**§ 115C-238.50A. Definitions.**

The following definitions apply in this Part:

(1) Constituent institution. – A constituent institution as defined in G.S. 116-2(4).

(2) Education partner. – An education partner as provided in G.S. 115C-238.52.

(3) Governing board. – The State Board of Community Colleges, the Board of Governors of The University of North Carolina, or the Board of the North Carolina Independent Colleges and Universities.

(4) Local board of trustees. – The board of trustees of a community college, constituent institution of The University of North Carolina, or private college located in North Carolina.

"**§ 115C-238.51. Application process.**

(a) A local board of education and ~~a~~ at least one local board of trustees ~~of a community college~~ shall jointly apply to establish a cooperative innovative high school program under this Part.

(b) The application shall contain at least the following information:

(1) A description of a program that implements the purposes in G.S. 115C-238.50.

(2) A statement of how the program relates to the Economic Vision Plan adopted for the economic development region in which the program is to be located.

(3) The facilities to be used by the program and the manner in which administrative services of the program are to be provided.

(4) A description of student academic and vocational achievement goals and the method of demonstrating that students have attained the skills and knowledge specified for those goals.

(5) A description of how the program will be operated, including budgeting, curriculum, transportation, and operating procedures.

(6) The process to be followed by the program to ensure parental involvement.

(7) The process by which students will be selected for and admitted to the program.

(8) A description of the funds that will be used and a proposed budget for the program. This description shall identify how the average daily membership (ADM) and full-time equivalent (FTE) students are counted.

(9) The qualifications required for individuals employed in the program.

(10) The number of students to be served.

(11) A description of how the program's effectiveness in meeting the purposes in G.S. 115C-238.50 will be measured.

(c) The application shall be submitted to the State Board of Education and the ~~State Board of Community Colleges~~ applicable governing Boards by November 1 of each year. The ~~State Board of Education and the State Board of Community Colleges~~ Boards shall appoint a joint advisory committee to review the applications and to recommend to the ~~State~~ Boards those programs that meet the requirements of this Part and that achieve the purposes set out in G.S. 115C-238.50.

(d) ~~The State Board of Education and the State Board of Community Colleges shall approve two cooperative innovative high school programs in each of the State's economic development regions.~~ The ~~State~~ Boards may approve programs recommended by the joint advisory committee or may approve other programs that were not recommended. The ~~State~~ Boards shall approve all applications by March 15 of each

year. No application shall be approved unless the ~~State Boards~~ State Board of Education and the applicable governing Board find that the application meets the requirements set out in this Part and that granting the application would achieve the purposes set out in G.S. 115C-238.50. Priority shall be given to applications that are most likely to further State education policies, to address the economic development needs of the economic development regions in which they are located, and to strengthen the educational programs offered in the local school administrative units in which they are located.

"**§ 115C-238.52. Participation by other education partners.**

(a) Any or all of the following education partners may participate in the development of a cooperative innovative program under this Part that is targeted to high school students who would benefit from accelerated academic instruction:

~~(1) A constituent institution of The University of North Carolina.~~

~~(2) A private college or university located in North Carolina.~~

(3) A private business or organization.

(4) The county board of commissioners in the county in which the program is located.

(b) Any or all of the education partners listed in subsection (a) of this section that participate shall:

(1) Jointly apply with the local board of education and the local board of trustees ~~of the community college~~ to establish a cooperative innovative program under this Part.

(2) Be identified in the application.

(3) Sign the written agreement under G.S. 115C-238.53(b).

"**§ 115C-238.53. Program operation.**

(a) A program approved by the State ~~shall be~~ is accountable to the local board of education.

(b) A program approved under this Part shall operate under the terms of a written agreement signed by the local board of education, local board of ~~trustees of the community college,~~ trustees, State Board of Education, and ~~State Board of Community Colleges.~~ applicable governing Board. The agreement shall incorporate the information provided in the application, as modified during the approval process, and any terms and conditions imposed on the program by the State Board of Education and the ~~State Board of Community Colleges.~~ applicable governing Board. The agreement may be for a term of no longer than five school years.

(c) A program may be operated in a facility owned or leased by the local board of education, the local board of ~~trustees of the community college,~~ trustees, or the education partner, if any.

(d) A program approved under this Part shall provide instruction each school year for at least 180 days during nine calendar months, shall comply with laws and policies relating to the education of students with disabilities, and shall comply with Article 27 of this Chapter.

(e) A program approved under this Part may use State, federal, and local funds allocated to the local school administrative unit, to the ~~State Board of Community Colleges,~~ applicable governing Board, and to the ~~community~~ college or university to implement the program. If there is an education partner and if it is a public body, the program may use State, federal, and local funds allocated to that body.

(f) Except as provided in this Part and ~~pursuant to~~ under the terms of the agreement, a program ~~is exempt~~ may be exempted by the applicable governing Board from laws and rules applicable to a local board of education, a local school administrative unit, a community college, a constituent institution, or a local board of ~~trustees of a community college.~~trustees.

"§ 115C-238.54. Funds for programs.

(a) The Department of Public Instruction shall assign a school code for each program that is approved under this Part. All positions and other State and federal allotments that are generated for this program shall be assigned to that school code. Notwithstanding G.S. 115C-105.25, once funds are assigned to that school code, the local board of education may use these funds for the program and may transfer these funds between funding allotment categories.

(b) The local board of trustees ~~of a community college~~ may allocate State and federal funds for a program that is approved under this Part.

(c) An education partner under G.S. 115C-238.52 that is a public body may allocate State, federal, and local funds for a program that is approved under this Part.

(d) If not an education partner under G.S. 115C-238.52, a county board of commissioners in a county where a program is located may nevertheless appropriate funds to a program approved under this Part.

(e) The local board of education and the local board of trustees ~~of the community college~~ are strongly encouraged to seek funds from sources other than State, federal, and local appropriations. They are strongly encouraged to seek funds the Education Cabinet identifies or obtains under G.S. 116C-4.

"§ 115C-238.55. Evaluation of programs.

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

SECTION 7.33.(b) It is the intent of the General Assembly that three cooperative innovative high school programs are established that emphasize the educational development of high school students in the areas of science and mathematics in a nonresidential setting. One of these programs shall be located in the eastern region of the State, one shall be located in the central region of the State, and one shall be located in the western region of the State. The State Board of Education shall begin planning for the design and implementation of these programs and shall report their plan to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly by March 15, 2006.

The plan shall include, but not be limited to, the following aspects of the proposed programs:

(1) Programmatic design including location, curriculum, student access, and calendar.

(2) Projected costs of operation, including instructional, administrative, transportation, capital, and other costs.

(3) Any plans for coordination with institutes of higher education.

(4) Proposed implementation schedule.

DRAFT
SPECIAL PROVISION

2005-DPI-H16A-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

FUNDS FOR EDUCATION OF STUDENTS AT ECKERD YOUTH ALTERNATIVES THERAPEUTIC CAMP

SECTION 7.35. Of the funds appropriated for at-risk student services/alternative schools, the State Board shall transfer to the Department of Juvenile Justice and Delinquency Prevention the sum of six hundred thousand dollars ($600,000) for the 2005-2006 fiscal year and the sum of six hundred thousand dollars ($600,000) for the 2006-2007 fiscal year to provide for the education of North Carolina students referred by the public schools to Eckerd Youth Alternatives therapeutic camps.

DRAFT
SPECIAL PROVISION



2005-DPI-H50(S7.37)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

MINIMIZE TIME DEVOTED TO STANDARDIZED TESTS

SECTION 7.37. G.S. 115C-174.12(a) reads as rewritten:

"(a) The State Board of Education shall establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing programs, for minimizing the frequency of field testing at any one school, and for otherwise carrying out the provisions of this Article. These policies and guidelines shall include the following:

(1) Schools shall devote no more than two days of instructional time per year to the taking of practice tests that do not have the primary purpose of assessing current student learning;

(2) Students in a school shall not be subject to field tests or national tests during the two-week period preceding the administration of end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams; and

(3) No school shall participate in more than two field tests at any one grade level during a school year unless that school volunteers, through a vote of its school improvement team, to participate in an expanded number of field tests.

These policies shall reflect standard testing practices to insure reliability and validity of the sample testing. The results of the field tests shall be used in the final design of each test. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment that are consistent with a child's individualized education program and section 504 (29 U.S.C. § 794) plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a child's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for students with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption.

The State Board of Education may appoint an Advisory Council on Testing to assist in carrying out its responsibilities under this Article."

DRAFT
SPECIAL PROVISION

2005-DPI-H54(S7.41)i-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

PLAN AND FUNDING FOR A VIRTUAL HIGH SCHOOL

SECTION 7.41.(a) The State Board of Education, the Board of Governors of The University of North Carolina, the Independent Colleges and Universities, and the State Board of Community Colleges shall develop E-learning standards and plans for infrastructures that provide virtual learning opportunities accessible to students and other citizens through all North Carolina schools, universities, and community colleges. In developing the plan for the public schools, the State Board of Education shall focus initially on high schools while also researching and developing, where appropriate, E-learning for middle schools, junior high schools, and elementary schools. E-learning programs shall support both teachers and students.

SECTION 7.41.(b) As used in this section, "E-learning" is electronic learning that includes a wide set of applications and processes, such as Web-based learning, computer-based learning, virtual classrooms, and digital collaboration. It includes the delivery of content via Internet, intranet/extranet (LAN/WAN), audiotape, videotape, satellite broadcast, interactive television, and CD-ROM.

SECTION 7.41.(c) It is the intent of the General Assembly to give public schools the highest priority in funding for and development of E-learning. Funding for E-learning should be a new appropriation and not come exclusively from existing funds.

SECTION 7.41.(d) The State Board of Education shall use funds appropriated for a virtual high school to establish and implement a pilot virtual high school during the 2005-2006 school year and the 2006-2007 school year.

The State Board of Education shall include in the pilot program instruction on personal financial literacy. This instruction shall be designed to equip students with the knowledge and skills they need, before they become self-supporting, to make critical decisions regarding their personal finances. The components of instruction shall include, at a minimum, consumer financial education, personal finance, and personal credit.

SECTION 7.41.(e) If the pilot program is successful, it is the intent of the General Assembly to provide funding to implement a virtual high school on a statewide basis for the 2006-2007 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H17(S7.42)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

FEASIBILITY STUDY FOR DEVELOPING REGIONAL EDUCATION NETWORKS

SECTION 7.42. The North Carolina Rural Economic Development Center and the e-NC Authority, in collaboration with interested providers of broadband services, representatives from local school administrative units, The University of North Carolina, the State Board of Education, the State Chief Information Officer, and the Community College System shall perform a feasibility study on developing regional education networks that provide and sustain broadband service access to individual students and teachers in schools, community colleges, and universities.

The study shall include (i) an evaluation of existing technology and service applications such as the statewide infrastructure, the North Carolina Research and Education Network, and networks such as Winston-Net and (ii) an evaluation of newer technology such as wireless broadband access. It shall recommend ways to maximize the use of these existing resources to support growth in broadband service access to the State, including underserved regions.

The North Carolina Rural Economic Development Center and the e-NC Authority shall report the results of the study to the 2006 Regular Session of the 2005 General Assembly.

DRAFT
SPECIAL PROVISION

2005-DPI-H23(S7.43)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

ASSISTANCE WITH SCHOOL TECHNOLOGY NEEDS

SECTION 7.43.(a) G.S. 115C-102.6A(c) is amended by adding a new subdivision to read:

"(c) Components of the State school technology plan shall include at least the following:

...

(17) A baseline template for:

a. Technology and service application infrastructure, including broadband connectivity, personnel recommendations, and other resources needed to operate effectively from the classroom desktop to local, regional, and State networks, and

b. An evaluation component that provides for local school administrative unit accountability for maintaining quality upgradeable systems."

SECTION 7.43.(b) No later than October 31, 2005, the Department of Public Instruction shall hold regional workshops for local school administrative units to provide guidance in developing local school system technology plans that meet the criteria established in the State school technology plan, including the components added under subsection (a) of this section.

SECTION 7.43.(c) G.S. 115C-102.7 is amended by adding the following new subsection to read:

"(c) The Department of Public Instruction shall randomly check local school system technology plans to ensure that local school administrative units are implementing their plans as approved. The Department shall report to the State Board of Education and the State Chief Information Officer on which local school administrative units are not complying with their plans. The report shall include the reasons these local school administrative units are out of compliance and a recommended plan of action to support each of these local school administrative units in carrying out their plans."

SECTION 7.43.(d) The State Board of Education shall determine the total amount of funds needed for the recurring total cost of ownership to implement, maintain, and upgrade technology infrastructures and instructional technology as specified in the revised local school system technology plans. This shall include personnel costs for both technical and instructional needs so that a three- to five-year budget plan can be developed for the General Assembly.

SECTION 7.43.(e) The State Board of Education shall also study and identify the types of resources needed to operate schools designed to meet the needs of twenty-first century learners.

The State Board shall report the results of this study to the 2006 Regular Session of the 2005 General Assembly.

SECTION 7.43.(f) In order to provide assistance to local school administrative units with E-rate applications, the Department of Public Instruction shall, within existing funds, ensure that a minimum of one full-time coordinator is assigned this responsibility. The Department shall notify local school administrative units about the person or office assigned the responsibility of providing assistance with E-rate applications.

The Department shall provide the State Board of Education with an annual report on E-rate, including funding, commitments, and enrollment by local school administrative units.

As used in this section, "E-rate" is the mechanism to provide discount rates to support universal telecommunications services for use by schools and libraries as provided in section 254 of the federal Telecommunications Act of 1996.

DRAFT
SPECIAL PROVISION

2005-DPI-H20(S7.47)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

SCHOOL EMPLOYEE SALARY STUDY

SECTION 7.47. The Joint Legislative Education Oversight Committee shall study the current salary structure for teachers and other school employees. In the course of the study, the Committee shall:

(1) Develop a plan to get the State moving toward the national average in teacher salaries by 2008 and toward the top 10 states in the nation by 2010.

(2) Consider strategies for maintaining the lead in teacher salaries in the Southeastern United States.

(3) Consider the need to reduce the number of steps on the teacher salary schedule, increase the beginning teacher salary, and enable an individual to reach the maximum salary sooner.

(4) Perform a market-sensitive analysis of the skills and knowledge needed to be a successful teacher to determine what it takes to make the schedule attractive and competitive.

(5) Consider the placement of appropriate extraordinary increases on schedule for achievement of career status, teacher retention, and other purposes.

(6) Determine the need to modify the masters schedule differential.

(7) Determine the need to modify the alternative salary schedules to reward different levels of academic preparation and career accomplishments such as attainment of national certification.

(8) Consider the appropriate relationship of the school counselor's and psychologist's schedules to the schedules for other members of the school-based staff.

(9) Determine the need to modify the administrator salary schedule.

(10) Consider how personal leave and other fringe benefits contribute to the compensation packages for employees.

(11) Consider the need to modify pay scales for teacher assistants and other noncertified personnel.

(12) Consider other matters the Committee deems appropriate.

The Committee shall report the results of its study to the 2006 Regular Session of the 2005 General Assembly.

DRAFT
SPECIAL PROVISION



2005-DPI-H2-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

ZERO-BASED BUDGET REVIEW OF THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION #.(a) There is created the Legislative Study Commission on the Budget of the Department of Public Instruction. The purpose of the Commission is to perform a zero-based budget review of the Department of Public Instruction.

SECTION #.(b) The Commission shall consist of five members of the House of Representatives appointed by the Speaker of the House of Representatives and five members of the Senate appointed by the President Pro Tempore of the Senate.

The Speaker of the House of Representatives shall designate one Representative as cochair, and the President Pro Tempore shall designate one Senator as cochair. Vacancies on the Commission shall be filled by the same appointing authority as made the initial appointment.

SECTION #.(c) In performing a zero-based budget review of the Department of Public Instruction, the Commission shall:

(1) Consider the mission and goals of the Department, as set out in statutes and in the rules, policies, and practices of the Department;

(2) Evaluate the mission and goals of the Department in view of the Leandro decision, the No Child Left Behind Act of 2001, the academic performance of students in the public schools, and the needs of the State and its citizens, and propose any necessary revisions;

(3) Evaluate the efficiency and effectiveness of the Department of Public Instruction in furthering the missions and goals of the Department, including any proposed revisions. This evaluation shall include (i) the role of the Department of Public Instruction, its administrative structure, organization, and its statutory powers and duties; (ii) the role of the State Board of Education as the head of the Department of Public Instruction, its composition, organization, and constitutional and statutory powers and duties; and (iii) the role of the State Superintendent as secretary and chief administrative officer of the State Board, the State Superintendent's selection, and the State Superintendent's constitutional and statutory powers and duties;

(4) Evaluate each program within the Department to determine (i) whether and to what extent it is required by State or federal law; (ii) what extent it achieves the mission and goals of the Department; and (iii) whether there are alternative ways to achieve the mission and goals of

the Department, including proposed revisions, in a more efficient and effective manner;

(5) Assess the activities performed in each program, the major benefits provided by the program, the current cost and staffing levels for the program, the rationale for the cost and staffing levels, and the administrative and other overhead costs of the program;

(6) Determine the level of funding and staff necessary to accomplish the goals and missions of the Department, including proposed revisions, without regard to past levels of funding.

SECTION #.(d) The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs. The Commission may meet in the Legislative Building or the Legislative Office Building.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. If the Commission hires a consultant, the consultant shall not be a State employee or a person currently under contract with the State to provide services.

All State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission.

SECTION #.(e) The Commission shall report the results of its study and its recommendations to the 2006 Regular Session of the 2005 General Assembly upon its convening. The Commission shall terminate upon filing its final report or upon the convening of the 2006 Regular Session of the 2005 General Assembly, whichever is earlier.

DRAFT
SPECIAL PROVISION



2005-DPI-H3-P

HB 706

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

FACILITATE HIRING OF TEACHERS

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

"**§ 115C-296. ~~Board sets certification~~ Certification requirements.**

(a) State Board of Education Shall Certify Teachers. – 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~~ Carolina, subject to laws enacted by the General Assembly. An applicant must meet the requirements for a highly qualified teacher under the No Child Left Behind Act of 2001, 20 U.S.C. § 6301, et seq., to be certified in North Carolina. The State Board 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~~ that it authorizes.

~~The State Board of Education may require 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~~

(a1) Certification of Beginning In-State and Out-of-State Teachers. – The certification requirements for an initial bachelors degree certificate or masters degree certificate for a beginning teacher who has completed an approved teacher education program and who is an in-State applicant or an applicant from another state shall include the following:

(1) An applicant for a certificate as an elementary education teacher or a special education teacher shall demonstrate academic and professional preparation by either (i) achieving a prescribed minimum score on a standard examination appropriate and adequate for that purpose or (ii) otherwise meeting the requirements for a highly qualified teacher under the No Child Left Behind Act of 2001.

(2) An applicant for a certificate in all other areas of certification shall demonstrate academic and professional preparation by either (i) achieving a prescribed minimum score on a standard examination appropriate and adequate for that purpose, (ii) completing an appropriate academic major, graduate degree, or comparable coursework, or (iii) otherwise meeting the requirements for a highly qualified teacher under the No Child Left Behind Act of 2001.

(a2) Certification of Teachers From Other States With Less Than Three Years of Experience. – A teacher from another state who (i) has less than three years of

experience as a full-time classroom teacher, (ii) is fully certified and highly qualified, as provided in the No Child Left Behind Act of 2001 in that other state, and (iii) is employed as a teacher by a local school administrative unit in North Carolina, is deemed to have satisfied the academic and professional preparation required to receive initial certification in North Carolina, except as otherwise provided in the No Child Left Behind Act of 2001. The initial certification shall be granted for the period of time necessary for the teacher to acquire three years of full-time teaching experience in North Carolina and the other state combined, whichever is longer.

(a3) Certification of In-State and Out-of-State Teachers With at Least Three Years of Experience. – A teacher from North Carolina or another state who (i) has three or more years of experience as a full-time teacher, (ii) is fully certified and highly qualified as provided in the No Child Left Behind Act of 2001 in North Carolina or in that other state, and (iii) is employed as a teacher by a local school administrative unit in North Carolina, is deemed to have satisfied the academic and professional preparation required to receive continuing certification in North Carolina, except as otherwise provided in the No Child Left Behind Act of 2001.

(a4) Certification of Visiting International Faculty. – The State Board of Education shall issue an international faculty certificate to an individual on a cultural exchange visa who (i) has a university degree and a teaching certificate in his or her country, (ii) is qualified in his or her home country to teach the subjects he or she will teach, (iii) speaks English proficiently, and (iv) meets the definition of highly qualified under the No Child Left Behind Act of 2001. The certificate shall be granted for the period of time during which the teacher holds a cultural exchange visa, not to exceed three consecutive years.

An individual on a cultural exchange visa shall not be eligible to receive any other teacher certificate.

(a5) Testing Requirements. – An applicant for teacher certification shall not be required to take and pass a standard examination except as required by subsection (a1) of this section or the No Child Left Behind Act of 2001.

The State Board of Education shall permit an applicant to fulfill 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 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 any required standard examinations and other measures necessary to assess the qualifications of professional personnel as required under subsection ~~(a)~~(a1) of this ~~section.~~section or the No Child Left Behind Act of 2001. 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.

~~(a2)~~ (a6) Fees for Teacher Certification. – The State Board of Education shall impose the following schedule of fees for teacher certification and administrative changes:

(1) Application for demographic or administrative changes to a certificate, $30.00.

(2) Application for a duplicate certificate or for copies of documents in the certification files, $30.00.

(3) Application for a renewal, extension, addition, upgrade, and variation to a certificate, $55.00.

(4) Initial application for New, In-State Approved Program Graduate, $55.00.

(5) Initial application for ~~Out-of-State certificate,~~ certificate for a teacher from another state, $85.00.

(6) All other applications, $85.00.

The applicant must pay the fee at the time the application is submitted.

(b) Standards for Teacher and School Administrator Education Programs, Entry Into Teacher Education Programs, and Continuing Certification. – It is the policy of the State of North Carolina to maintain the highest quality teacher education programs and school administrator programs in order to enhance the competence of professional personnel certified in North Carolina. To the end that teacher preparation programs are upgraded to reflect a more rigorous course of study, the State Board of Education, as lead agency in coordination and cooperation with the University Board of Governors, the Board of Community Colleges and such other public and private agencies as are necessary, shall continue to refine the several certification requirements, standards for approval of institutions of teacher education, standards for institution-based innovative and experimental programs, standards for implementing consortium-based teacher education, and standards for improved efficiencies in the administration of the approved programs. The certification program shall provide for initial certification after completion of preservice training, continuing certification after three years of teaching experience, and certificate renewal every five years thereafter, until the retirement of the teacher. The last certificate renewal received prior to retirement shall remain in effect for five years after retirement.

The State Board of Education, as lead agency in coordination with the Board of Governors of The University of North Carolina and any other public and private agencies as necessary, shall continue to raise standards for entry into teacher education programs.

The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing certification. The new requirements shall reflect more rigorous standards for continuing certification and to the extent possible shall be aligned with quality professional development programs that reflect State priorities for improving student achievement.

~~The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall reevaluate and enhance the requirements for renewal of teacher certificates. The State Board shall consider modifications in the certificate renewal achievement and to make it a mechanism for~~

~~teachers to renew continually their knowledge and professional skills. The State Board shall adopt new standards for the renewal of teacher certificates by May 15, 1998.~~

The standards for approval of institutions of teacher education shall require that teacher education programs for students who do not major in special education include demonstrated competencies in the identification and education of children with learning disabilities. The State Board of Education shall incorporate the criteria developed in accordance with G.S. 116-74.21 for assessing proposals under the School Administrator Training Program into its school administrator program approval standards.

All North Carolina institutions of higher education that offer teacher education programs, masters degree programs in education, or masters degree programs in school administration shall provide performance reports to the State Board of Education. The performance reports shall follow a common format, shall be submitted according to a plan developed by the State Board, and shall include the information required under the plan developed by the State Board.

(b1) Performance Reports for Teacher and School Administrator Education Programs. – The State Board of Education shall develop a plan to provide a focused review of teacher education programs and the current process of accrediting these programs in order to ensure that the programs produce graduates that are well prepared to teach. The plan shall include the development and implementation of a school of education performance report for each teacher education program in North Carolina. The performance report shall include at least the following elements: (i) quality of students entering the schools of education, including the average grade point average and average score on preprofessional skills tests that assess reading, writing, math and other competencies; (ii) graduation rates; (iii) time-to-graduation rates; (iv) average scores of graduates on professional and content area examination for the purpose of certification; (v) percentage of graduates receiving initial certification; (vi) percentage of graduates hired as teachers; (vii) percentage of graduates remaining in teaching for four years; (viii) graduate satisfaction based on a common survey; and (ix) employer satisfaction based on a common survey. The performance reports shall follow a common format. The performance reports shall be submitted annually. The State Board of Education shall develop and implement a plan ~~to be implemented beginning in the 1998-99 school year~~ to reward and sanction approved teacher education programs and masters of education programs and to revoke approval of those programs based on the performance reports and other criteria established by the State Board of Education.

The State Board also shall develop and implement a plan for annual performance reports for all masters degree programs in education and school administration in North Carolina. To the extent it is appropriated, the performance report shall include similar indicators to those developed for the performance report for teacher education programs. The performance reports shall follow a common format.

Both plans for performance reports also shall include a method to provide the annual performance reports to the Board of Governors of The University of North Carolina, the State Board of Education, and the boards of trustees of the independent colleges. The State Board of Education shall review the schools of education performance reports and the performance reports for masters degree programs in education and school administration each year the performance reports are submitted. The State Board shall submit the performance report for the 1999-2000 school year to the Joint Legislative

Education Oversight Committee by December 15, 2000. Subsequent performance reports shall be submitted to the Joint Legislative Education Oversight Committee on an annual basis by October 1.

(c) Lateral Entry. – It is the policy of the State of North Carolina to encourage lateral entry into the profession of teaching by skilled individuals from the private sector. To this end, before the 1985-86 school year begins, the State Board of Education shall develop criteria and procedures to accomplish the employment of such individuals as classroom teachers. ~~Regardless of credentials or competence, no one shall begin teaching above the middle level of differentiation.~~ Skilled individuals who choose to enter the profession of teaching laterally may be granted ~~a provisional~~ an alternative teaching certificate for no more than ~~five~~ three years prior to completing the requirements for lateral entry and shall be required to obtain certification before contracting for a ~~sixth~~ fourth year of service with any local administrative unit in this State.

It is further the policy of the State of North Carolina to ensure that local boards of education can provide the strongest possible leadership for schools based upon the identified and changing needs of individual schools. To this end, before the 1994-95 school year begins, the State Board of Education shall carefully consider a lateral entry program for school administrators to ensure that local boards of education will have sufficient flexibility to attract able candidates.

(d) Suspension and Revocation of Certificates. – The State Board shall adopt rules to establish the reasons and procedures for the suspension and revocation of certificates. The State Board shall revoke the certificate of a teacher or school administrator if the State Board receives notification from a local board or the Secretary of Health and Human Services that a teacher or school administrator has received an unsatisfactory or below standard rating under G.S. 115C-333(d). In addition, the State Board may revoke or refuse to renew a teacher's certificate when:

(1) The Board identifies the school in which the teacher is employed as low-performing under G.S. 115C-105.37 or G.S. 143B-146.5; and

(2) The State Board shall automatically revoke the certificate of a teacher or school administrator without the right to a hearing upon receiving verification of the identity of the teacher or school administrator together with a certified copy of a criminal record showing that the teacher or school administrator has entered a plea of guilty or nolo contendere to or has been finally convicted of any of the following crimes: Murder in the first or second degree, G.S. 14-17; Conspiracy or solicitation to commit murder, G.S. 14-18.1; Rape or sexual offense as defined in Article 7A of Chapter 14 of the General Statutes. Felonious assault with deadly weapon with intent to kill or inflicting serious injury, G.S. 14-32; Kidnapping, G.S. 14-39; Abduction of children, G.S. 14-41; Crime against nature, G.S. 14-177; Incest, G.S. 14-178 or G.S. 14-179; Employing or permitting minor to assist in offense against public morality and decency, G.S. 14-190.6; Dissemination to minors under the age of 16 years, G.S. 14-190.7; Dissemination to minors under the age of 13 years, G.S. 14-190.8; Displaying material harmful to minors, G.S. 14-190.14; Disseminating

harmful material to minors, G.S. 14-190.15; First degree sexual exploitation of a minor, G.S. 14-190.16; Second degree sexual exploitation of a minor, G.S. 14-190.17; Third degree sexual exploitation of a minor, G.S. 14-190.17A; Promoting prostitution of a minor, G.S. 14-190.18; Participating in prostitution of a minor, G.S. 14-190.19; Taking indecent liberties with children, G.S. 14-202.1; Solicitation of child by computer to commit an unlawful sex act, G.S. 14-202.3; Taking indecent liberties with a student, G.S. 14-202.4; Prostitution, G.S. 14-204; and child abuse under G.S. 14-318.4. The Board shall mail notice of its intent to act pursuant to this subdivision by certified mail, return receipt requested, directed to the teacher or school administrator at their last known address. The notice shall inform the teacher or school administrator that it will revoke the person's certificate unless the teacher or school administrator notifies the Board in writing within 10 days after receipt of the notice that the defendant identified in the criminal record is not the same person as the teacher or school administrator. If the teacher or school administrator provides this written notice to the Board, the Board shall not revoke the certificate unless it can establish as a fact that the defendant and the teacher or school administrator are the same person.

(3) In addition, the State Board may revoke or refuse to renew a teacher's certificate when:

a. The Board identifies the school in which the teacher is employed as low-performing under G.S. 115C-105.37 or G.S. 143B-146.5; and

b. The assistance team assigned to that school makes the recommendation to revoke or refuse to renew the teacher's certificate for one or more reasons established by the State Board in its rules for certificate suspension or revocation.

The State Board may issue subpoenas for the purpose of obtaining documents or the testimony of witnesses in connection with proceedings to suspend or revoke certificates. In addition, the Board shall have the authority to contract with individuals who are qualified to conduct investigations in order to obtain all information needed to assist the Board in the proper disposition of allegations of misconduct by certificated persons.

(e) Mentor Program. – The State Board of Education shall develop a mentor program to provide ongoing support for teachers entering the profession. In developing the mentor program, the State Board shall conduct a comprehensive study of the needs of new teachers and how those needs can be met through an orientation and mentor support program. For the purpose of helping local boards to support new teachers, the State Board shall develop and distribute guidelines which address optimum teaching load, extracurricular duties, student assignment, and other working condition considerations. These guidelines shall provide that initially certified teachers not be assigned extracurricular activities unless they request the assignments in writing and that other noninstructional duties of these teachers be minimized. The State Board shall develop and coordinate a mentor teacher training program. The State Board shall

develop criteria for selecting excellent, experienced, and qualified teachers to be participants in the mentor teacher training program.

(f) Masters/Advanced Competencies Certificate. – The State Board of Education, after consultation with the Board of Governors of The University of North Carolina, shall develop a new category of teacher certificate known as the "Masters/Advanced Competencies" certificate. To receive this certificate, an applicant shall successfully complete a masters degree program that includes rigorous academic preparation in the subject area which the applicant will teach and in the skills and knowledge expected of a master teacher or the applicant shall demonstrate to the satisfaction of the State Board that the candidate has acquired the skills and knowledge expected of a master teacher.

Persons who qualify for a "G" certificate prior to September 1, 2000, shall be awarded a "Masters/Advanced Competencies" certificate without meeting additional requirements. On and after September 1, 2000, no additional "G" certificates shall be awarded.

(g) Provisional Licenses, Temporary Permits, and Emergency Permits. – Notwithstanding any other provision of this section, the State Board of Education shall continue to issue provisional licenses, temporary permits, and emergency permits that are valid through June 30, 2006, on the same basis as they were issued prior to the date this act becomes law."

SECTION #.(b) This section is effective when it becomes law and applies to all persons initially employed as teachers by a local school administrative unit in North Carolina beginning with the 2005-2006 school year.

DRAFT
SPECIAL PROVISION

2005-DPI-H4-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

REDIRECT REFUNDABLE SALES TO STATE PUBLIC SCHOOL FUND

SECTION #.(a) G.S. 105-164.14(c)(2b) and (2c) are repealed.

SECTION #.(b) Part 8 of Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-164.44H. Transfer to State Public School Fund.**

Each fiscal year, the Secretary of Revenue shall transfer at the end of each quarter from the State sales and use tax net collections received by the Department of Revenue under Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the State Public School Fund, one-fourth of the amount transferred the preceding fiscal year plus or minus the percentage of that amount by which the total collection of State sales and use taxes increased or decreased during the preceding fiscal year."

SECTION #.(c) Subsection (b) of this section becomes effective July 1, 2006. Notwithstanding the provisions of G.S. 105-164.44H, for the 2006-2007 fiscal year, the amount transferred to the State Public School Fund each quarter shall equal one-fourth of the amount refunded under G.S. 105-164.4(c)(2b) and (2c) during the 2005-2006 fiscal year plus or minus the percentage of that amount by which the total collection of State sales and use tax increased or decreased during the preceding fiscal year. The remainder of this section becomes effective July 1, 2005, and applies to sales made on or after that date.

DRAFT
SPECIAL PROVISION



2005-DPI-H21-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

SMALL SPECIALTY HIGH SCHOOLS PILOT PROGRAM

SECTION #.(a) Funds are appropriated in this act for a pilot program to create 11 small specialty high schools within existing schools. The purpose of the program is to improve graduation rates and to achieve higher student performance as measured by standard tests and postgraduate gainful employment or admission into an institution of higher education. The State Board of Education shall work closely with the Education Cabinet and the New Schools Project in administering the program.

SECTION #.(b) The State Board of Education shall conduct an evaluation of this program. The evaluation shall include measures as identified in G.S. 115C-238.55. It shall also include: (i) an accounting of how funds and personnel resources were utilized and their impact on student achievement, retention, and employability; and (ii) recommendations for improvement of the program. The State Board of Education shall report the results of this evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by November 15, 2006.

DRAFT
SPECIAL PROVISION

2005-DPI-H56-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

TEACHER PAY DATE

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

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

Each local board of education shall establish a set date on which monthly salary payments to State-allotted teachers shall be made. This set pay date may differ from the end of the month of service. The daily rate of pay for teachers shall equal midway between one twenty-first and one twenty-second of the monthly rate of pay. ~~Except for teachers employed in a year-round school or paid in accordance with a year-round calendar, or both, the initial pay date for teachers shall be no later than August 31 and shall include a full monthly payment. Subsequent pay dates shall be spaced no more than one month apart and shall include a full monthly payment.~~

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

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

Notwithstanding this subsection, the term "daily rate of pay" for the purpose of G.S. 115C-12(8) or for any other law or policy governing pay or benefits based on the

teacher salary schedule shall not exceed one twenty-second of a teacher's monthly rate of pay."

DRAFT
SPECIAL PROVISION



2005-DHHS-H84-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

ENSURE DHHS SCHOOLS RECEIVE FEDERAL FUNDS

SECTION #.(a) It is the intent of the General Assembly that the schools operated by the Department of Health and Human Services participate in federal funding to the same degree as other public schools in the State. The Department of Public Instruction shall ensure that the Department of Health and Human Services schools receive a proportionate share of federal funds for public schools.

SECTION #.(b) G.S. 115C-66 reads as rewritten:

"**§ 115C-66. Administrative units classified.**

Each county of the State shall be classified as a county school administrative unit, the schools of which, except in city administrative units, shall be under the general supervision and control of a county board of education with a county superintendent as the administrative officer.

A city school administrative unit shall be classified as an area within a county or adjacent parts of two or more contiguous counties which has been or may be approved by the State Board of Education as such a unit for purposes of school administration. The general administration and supervision of a city administrative unit shall be under the control of a board of education with a city superintendent as the administrative officer.

All local school administrative units, whether city or county, shall be dealt with by the State school authorities in all matters of school administration in the same way.

For purposes of eligibility for federal grant funds, the Department of Health and Human Services is hereby classified as a public authority, which is the school administrative agency for the schools that it operates, and shall be considered as such by the State school authorities in the administration and distribution of federal grant funds."

SECTION #.(c) The Department of Health and Human Services shall report on the use, type, and amount of funds received from federal funding and other Department of Public Instruction funding under this section to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division by January 31, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DPI-H69(S10.68)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: **Representatives Jeffus, Tolson, Yongue**

ESTABLISH THE OFFICE OF SCHOOL READINESS IN THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 10.68.(a) An Office of School Readiness shall be established in the Department of Public Instruction to ensure school readiness for North Carolina's children through increased coordination and effectiveness of the State's public prekindergarten programs and through improved transitions for at-risk children into kindergarten. The Office of School Readiness shall have oversight of public prekindergarten programs serving three- and four-year-olds, which includes the More at Four prekindergarten programs, exceptional children's preschool programs, Head Start programs, and other public school prekindergarten programs funded through State and federal sources. The position of Executive Director for the More at Four prekindergarten program shall become an Associate Superintendent in the Department of Public Instruction and will oversee and direct the Office of School Readiness. This position shall report to the Deputy State Superintendent in the Department of Public Instruction. The Office of School Readiness shall coordinate closely with the Division of Child Development in the Department of Health and Human Services on standards, licensing, training, and other issues related to school readiness programs. The Office of School Readiness shall also work closely with the North Carolina Partnership for Children, Inc., in coordinating programs at the local level and on other issues related to prekindergarten education.

SECTION 10.68.(b) The More at Four prekindergarten program shall be transferred from the Office of the Governor to the Department of Public Instruction and will become part of the Office of School Readiness. This transfer shall have all the elements of a Type I transfer, as defined in G.S. 143A-6.

SECTION 10.68.(c) The Head Start Collaboration Office shall be transferred from the Department of Health and Human Services to the Office of School Readiness.

SECTION 10.68.(d) The More at Four Task Force shall be reconstituted and renamed the North Carolina School Readiness Task Force. The Superintendent of Public Instruction and the Secretary of Department of Health and Human Services shall appoint the members of the North Carolina School Readiness Task Force from representatives of publicly funded prekindergarten programs and services, including the More at Four prekindergarten program, preschool programs in the public schools, Head Start, the North Carolina Partnership for the Children, Inc., as well as other stakeholders, including Early Intervention and the Division of Child Development.

SECTION 10.68.(e) The State Board of Education, in consultation with the Office of the Governor and the Department of Health and Human Services, shall develop an organizational plan for the Office of School Readiness. The plan shall include the staffing structure and budget of the Office of School Readiness, including the role in the Office of School Readiness of current Department of Public Instruction positions funded by Title I and IDEA Part B federal programs. The State Board of Education shall submit a progress report by January 15, 2006, and a final report by April 1, 2006, to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Education Oversight Committee.

SECTION 10.68.(f) This section becomes effective July 1, 2006, for organizational and budgetary changes.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H1(S8.1)i-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 8.1.(a) Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2004-2005 fiscal year but shall remain available until expended.

SECTION 8.1.(b) The Community Colleges System Office shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the College Information System Project.

SECTION 8.1.(c) Subsection (a) of this section becomes effective June 30, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H2(S8.2)i-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

CARRYFORWARD FOR EQUIPMENT

SECTION 8.2.(a) Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System Office may carry-forward an amount not to exceed fifteen million dollars ($15,000,000) of the operating funds that were not reverted in fiscal year 2004-2005 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These funds shall be distributed to colleges consistent with G.S. 115D-31.

SECTION 8.2.(b) This section becomes effective June 30, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H3A(S8.3)-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.3.(a) 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) Associate Degree or Equivalent. – This education level includes faculty members who have an associate 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 8.3.(b) For the 2005-2006 school year, the minimum salaries for nine-month, full-time, curriculum community college faculty shall be as follows:

Education Level	Minimum Salary 2005-2006
Vocational Diploma/Certificate or Less	$29,795
Associate Degree or Equivalent	$30,246
Bachelors Degree	$32,204
Masters Degree or Education Specialist	$33,940
Doctoral Degree	$36,443

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

SECTION 8.3.(c)

(1) It is the intent of the General Assembly to encourage community colleges to make faculty salaries a priority and to reward colleges that have taken steps to achieve the national average, therefore:

a. If the average faculty salary at a community college is one hundred percent (100%) or more of the national average community college faculty salary, the college may transfer up to eight percent (8%) of the State funds allocated to it for faculty salaries.

b. If the average faculty salary at a community college is at least ninety-five percent (95%) but less than one hundred percent (100%) of the national average community college faculty salary, the college may transfer up to six percent (6%) of the State funds allocated to it for faculty salaries.

c. If the average faculty salary at a community college is at least ninety percent (90%) but less than ninety-five percent (95%) of the national average community college faculty salary, the college may transfer up to five percent (5%) of the State funds allocated to it for faculty salaries.

d. If the average faculty salary at a community college is at least eighty-five percent (85%) but less than ninety percent (90%) of the national average community college faculty salary, the college may transfer up to three percent (3%) of the State funds allocated to it for faculty salaries.

e. If the average faculty salary at a community college is eighty-five percent (85%) or less of the national average community college faculty salary, the college may transfer up to two percent (2%) of the State funds allocated to it for faculty salaries.

Except as provided by subdivision (2) of this subsection, a community college shall not transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by this subsection.

(2) With the approval of the State Board of Community Colleges, a community college at which the average faculty salary is eighty-five percent (85%) or less of the national average may transfer a greater percentage of the State funds allocated to it for faculty salaries than is authorized by sub-subdivision e. of subdivision (1) of this subsection. The State Board shall approve the transfer only for purposes that directly affect student services.

(3) A local community college may use all State funds allocated to it except for Literacy Funds and Funds for New and Expanding Industry Training to increase faculty salaries.

SECTION 8.3.(d) As used in this section:

(1) "Average faculty salary at a community college" means the total nine-month salary from all sources of all nine-month, full-time, curriculum faculty at the college, as determined by the North Carolina Community College System on October 1 of each year.

(2) "National average community college faculty salary" means the nine-month, full-time, curriculum salary average, as published by the Integrated Postsecondary Education Data System (IPEDS), for the most recent year for which data are available.

SECTION 8.3.(e) The State Board of Community Colleges shall adopt rules to implement the provisions of this section.

SECTION 8.3.(f) The State Board of Community Colleges shall report to the appropriations subcommittees on education, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Fiscal Research Division, and the Office of State Budget and Management by December 1, 2005, and every year thereafter through December 1, 2009, on the implementation of this section.

SECTION 8.3.(g) Funds appropriated in this act for salary increases shall be used to increase faculty and professional staff salaries by an average of two percent (2%). These increases are in addition to other salary increases provided for in this act and shall be calculated on the average salaries prior to the issuance of the compensation increase. Colleges may provide additional increases from funds available.

The State Board of Community Colleges shall adopt rules to ensure that these funds are used only to move faculty and professional staff to the respective national averages. These funds shall not be transferred by the State Board or used for any other budget purpose by the community colleges.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H4(S8.4)i-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

WORKFORCE DEVELOPMENT PROGRAMS

SECTION 8.4.(a) Article 1 of Chapter 115D of the General Statutes is amended by adding a new G.S. 115D-5.1 to be entitled "Workforce Development Programs"; G.S. 115D-5(d) is recodified as G.S. 115D-5.1(a); G.S. 115D-5(k) is recodified as G.S. 115D-5.1(b); and G.S. 115D-5(i) is recodified as G.S. 115D-5.1(c).

SECTION 8.4.(b) G.S. 115D-5.1, as enacted by subsection (a) of this section, reads as rewritten:

"**§ 115D-5.1. Workforce Development Programs.**

(a) Community colleges shall assist in the preemployment and in-service training of employees in industry, business, agriculture, health occupation and governmental agencies. Such training shall include instruction on worker safety and health standards and practices applicable to the field of employment. The State Board of Community Colleges shall make appropriate regulations including the establishment of maximum hours of instruction which may be offered at State expense in each in-plant training program. No instructor or other employee of a community college shall engage in the normal management, supervisory and operational functions of the establishment in which the instruction is offered during the hours in which the instructor or other employee is employed for instructional or educational purposes.

(b) The North Carolina Community College System's New and Expanding Industry Training (NEIT) Program Guidelines, which were adopted by the State Board of Community Colleges on April 18, 1997, apply to all funds appropriated for the Program after June 30, 1997. A project approved as an exception under these Guidelines, or these Guidelines as modified by the State Board of Community Colleges, shall be approved for one year only.

(c) The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on September 1 of each year on expenditures for the New and Expanding Industry Training Program each fiscal year. The report shall include, for each company or individual that receives funds for the New and Expanding Industry Training Program:

(1) The total amount of funds received by the company or individual;

(2) The amount of funds per trainee received by the company or individual;

(3) The amount of funds received per trainee by the community college training the trainee;

(4) The number of trainees trained by company and by community college; and

(5) The number of years the companies or individuals have been funded.

(d) Funds available to the New and Expanding Industry Training Program shall not revert at the end of a fiscal year but shall remain available until expended.

(e) There is created within the North Carolina Community College System the Customized Industry Training (CIT) Program. The CIT Program shall offer programs and training services as new options for assisting existing business and industry to remain productive, profitable, and within the State. Before a business or industry qualifies to receive assistance under the CIT Program, the President of the North Carolina Community College System shall determine that:

(1) The business is making an appreciable capital investment;

(2) The business is deploying new technology; and

(3) The skills of the workers will be enhanced by the assistance.

The State Board shall report on an annual basis to the Joint Legislative Education Oversight Committee on:

(1) The total amount of funds received by a company under the CIT Program;

(2) The amount of funds per trainee received by that company;

(3) The amount of funds received per trainee by the community college delivering the training;

(4) The number of trainees trained by the company and community college; and

(5) The number of years that company has been funded.

The State Board shall adopt rules and policies to implement this section."

SECTION 8.4.(c) Notwithstanding any other provision of law, the State Board of Community Colleges may use funds appropriated to it for the New and Expanding Industry Training Program to operate programs under the Customized Industry Training Program.

SECTION 8.4.(d) G.S. 115D-5.1(d), as enacted by this section, becomes effective June 30, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H5(S8.5)i-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

REPORT ON THE ADEQUACY OF MULTICAMPUS FUNDS

SECTION 8.5. The General Assembly finds that additional data are needed to determine the adequacy of multicampus and off-campus center funds; therefore, multicampus colleges and colleges with off-campus centers shall report annually, beginning September 1, 2005, to the Community Colleges System Office on all expenditures by line item of funds used to support their multicampuses and off-campus centers. The Community Colleges System Office shall report on these expenditures to the Education Appropriation Subcommittees of the House of Representatives and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by October 1 of each year.

Notwithstanding any other provision of law, funds appropriated to the Community Colleges System Office for multicampus colleges or off-campus centers shall be used only for the administration of the multicampus college or off-campus center for which the funds were allotted. These funds shall not be transferred to any other campus or center, or used for any other purpose.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H6(S8.6)i-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

EDUCATION PROGRAM AUDITING FUNCTION

SECTION 8.6. G.S. 115D-5(m) reads as rewritten:

"(m) ~~The State Board of Community Colleges shall require auditors of community college programs to use a statistically valid sample size in performing program audits of community colleges.~~ The State Board of Community Colleges shall maintain an education program auditing function that conducts an annual audit of each community college operating under the provisions of this Chapter. The purpose of the annual audit shall be to ensure that college programs and related fiscal operations comply with State law, State regulations, State Board policies, and System Office guidance. The State Board of Community Colleges shall require auditors of community college programs to use a statistically valid sample size in performing program audits of community colleges. All education program audit findings shall be forwarded to the college president, local college board of trustees, the State Board of Community Colleges, and the State Auditor. The State Board shall assess a twenty-five percent (25%) fiscal penalty in addition to the audit exception on all audits of both dollars and student membership hours excepted when the audit exceptions result from nonprocessing errors."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H7(S8.7)i-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

FERRY BOAT OPERATOR TRAINING FEASIBILITY STUDY

SECTION 8.7.(a) The State Board of Community Colleges, in consultation with the Ferry Division of the Department of Transportation, shall study the need for training for ferry boat operators. In conducting the study, the State Board shall consider the following:

(1) Types of training needed and whether it is feasible for the community colleges to provide this training.
(2) Estimated number of students.
(3) Estimated employment opportunities for the students.
(4) Start-up costs for the program and resources for those costs.
(5) Location of the training.

SECTION 8.7.(b) The State Board shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Transportation Oversight Committee on its findings and recommendations no later than December 1, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H8(S8.8)i-P

H 13
273

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

EXTEND THE SUNSET ON TRAINING AND REEMPLOYMENT CONTRIBUTIONS MADE BY EMPLOYERS

SECTION 8.8.(a) Section 8 of S.L. 1999-321, as amended by Section 30.5(f) of S.L. 2001-424, reads as rewritten:

"Section 8. Section 1 of this act is effective with respect to calendar quarters beginning on or after April 1, 1999. Section 7 of this act becomes effective July 1, 1999. The remainder of this act is effective with respect to calendar quarters beginning on or after January 1, 2000. ~~G.S. 96-6.1, as enacted by Section 2 of this act, is repealed effective with respect to calendar quarters beginning on or after January 1, 2006.~~"

SECTION 8.8.(b) G.S. 96-6.1 is amended by adding a new subsection to read:

"(c) Sunset. – This section is repealed effective with respect to calendar quarters beginning on or after January 1, 2011."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H10(S8.12)i-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

COMMUNITY COLLEGE CAPITAL FUNDS

SECTION 8.12. Notwithstanding G.S. 115D-31 or any other provision of law, funds appropriated in this act for community college capital projects do not have to be matched by local funds.

House only provision

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H15-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: **Representative**

IMPLEMENT PROPRIETARY SCHOOLS LICENSING FEE INCREASE

SECTION #. The State Board of Community Colleges may implement an increase in fees for licensing of proprietary schools in accordance with the following fee schedule adopted by the State Board of Community Colleges on November 18, 2004:

Initial License Fee	$2,500
License Renewal Fee	$1,250 plus $50.00 per program
Program Addition Fee	$200.00
Single Course Addition Fee	$200.00
Relocation/Site Visit Fee	$400.00
Remote Site Initial Fee	$1,000
Remote Site Renewal Fee	$750.00
Site Assessment	$200.00

House only

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H17-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

EXEMPT COMMUNITY COLLEGE MASSAGE AND BODYWORK THERAPY PROGRAMS FROM LICENSURE BY THE NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY

SECTION #. G.S. 90-631 reads as rewritten:

"**§ 90-631. Massage and bodywork therapy schools.**

(a) The Board shall establish rules for the approval of massage and bodywork therapy schools. These rules shall include:

(1) Basic curriculum standards that ensure graduates have the education and skills necessary to carry out the safe and effective practice of massage and bodywork therapy.

(2) Standards for faculty and learning resources.

(3) Requirements for reporting changes in instructional staff and curriculum.

(4) A description of the process used by the Board to approve a school.

Any school that offers a training program in massage and bodywork therapy may make application for approval to the Board. The Board shall grant approval to schools, whether in this State or another state, that meet the criteria established by the Board. The Board shall maintain a list of approved ~~schools.~~schools and a list of community college programs operating pursuant to subsection (b) of this section.

(b) A massage and bodywork therapy program operated by a North Carolina community college that is accredited by the Southern Association of Colleges and Schools is exempt from the approval process, licensure process, or both, established by the Board. The college shall certify annually to the Board that the program meets or exceeds the minimum standards for curriculum, faculty, and learning resources established by the Board. Students who complete the program shall qualify for licenses from the Board as if the program were approved, licensed, or both, by the Board."

To: Fayetteville & Pembroke

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DOCC-H18(S8.11)i

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

DEFENSE TECHNOLOGY INNOVATION CENTER

SECTION 8.11. Funds appropriated in this act for North Carolina Electronics and Information Technologies Association's Defense Technology Innovation Center shall be used for the following:

(1) Site selection and acquisition, including the purchase or lease of real property to house the Center; the construction of buildings or other site structures; the improvement or refurbishment of existing structures to provide appropriate laboratory and administrative space; and the improvement of existing infrastructure at the facility, including improvements to utility, telecommunications, and Internet infrastructure.

(2) Equipment acquisition, including acquisition of laboratory equipment and supplies and office furniture, equipment, and supplies.

(3) Employment of staff to support the mission of the Center and to oversee day-to-day operations of the Center.

(4) Implementation of a comprehensive business and marketing plan for the Center.

(5) Development of a tenant screening process and the recruitment of appropriate tenants for the Center.

(6) Administration and operation of the Center and the development of a sustainable business plan for the Center.

DRAFT
SPECIAL PROVISION

2005-UNC-H3-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative Yongue

SCHOLARSHIP LOAN FOR PROSPECTIVE COACHES

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

"**§ 116-209.36. Coaching and Assistant Coaching Scholarship Fund.**

(a) There is established the Coaching and Assistant Coaching Scholarship Fund. The purpose of the Fund is to provide scholarship loans to students who are pursuing college degrees to become public schoolteachers and coaches. Coaching and Assistant Coaching Fellows shall be offered a curriculum that advances coaching skills and that instills a strong motivation not only to remain in the coaching profession but to provide leadership in the schools where they coach. The State Education Assistance Authority shall administer the Fund. The Fund shall provide 25 scholarship loans per year.

(b) Criteria for awarding the scholarship loans shall be developed by the State Education Assistance Authority in consultation with the Board of Governors of The University of North Carolina and shall include all of the following:

(1) An applicant shall be enrolled in an accredited bachelors degree program in an institution of higher education in North Carolina.

(2) All students shall enter into a legal agreement and promissory note with the Authority to accept employment as a coach or coaching assistant in an elementary or secondary school in North Carolina in exchange for receiving any funds, which agreement shall include stipulation that the student agrees to accept employment in rural or other need-based counties.

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

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

a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.

b. Consideration of the academic qualifications of the individuals applying to receive funds.

c. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of coaching.

(c) The State Education Assistance Authority shall: (i) prepare a clear written explanation of the Coaching and Assistant Coaching Scholarship Fund and the information regarding the availability and criteria for awarding the scholarships, and (ii) provide that information to the appropriate counselors in each local school system and shall charge those counselors to inform students about the scholarships and to encourage them to apply for the scholarships.

(d) The State Education Assistance Authority shall administer the Fund and shall ensure that the loan amount is limited to four thousand dollars ($4,000) per recipient per year.

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

(1) The individual who graduates with a bachelors degree and who works as a school coach or coaching assistant in a rural or other need-based area of North Carolina shall have that amount of the loan cancelled that is based on the amount of time employed and the number of academic years funds were received. One full year of employment shall cancel one academic year's loan.

(2) The individual who graduates with a bachelors degree and who works as a school coach or assistant coach in a rural or other need-based area of North Carolina for the equivalent of the total number of academic years funds were received shall have the entire loan cancelled.

(3) The individual who graduates with a bachelors degree and who does not work as a school coach or assistant coach in a rural or other need-based area of North Carolina for any or all of the equivalent of the number of years funds were received shall repay the loan to the Authority according to a schedule prescribed in the promissory note, plus ten percent (10%) annual interest.

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

The Authority shall ensure that all repayments, including accrued interest, shall be placed in the Fund.

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

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

(g) The State Education Assistance Authority shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarships awarded from the Fund."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H5-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative Owens

LIMIT OUT-OF-STATE ENROLLMENT IN THE NORTH CAROLINA SCHOOL OF THE ARTS

SECTION #. G.S. 116-64 reads as rewritten:

"**§ 116-64. Establishment of school.**

(a) There is hereby established, and there shall be maintained, a school for the professional training of students having exceptional talent in the performing arts which shall be defined as an educational institution of the State, to serve the students of North Carolina and other states, particularly other states of the South. The school shall be designated the "North Carolina School of the Arts".

(b) Beginning with the fall of 2007, and continuing each academic year thereafter, the North Carolina School of the Arts shall limit the proportion of nonresident students as defined in G.S. 116-143.1 in the entering freshman class to thirty-five percent (35%)."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H6-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative Yongue

NURSING SCHOLARS PROGRAM

SECTION #. G.S. 90-171.61 is amended by adding a new subsection to read:

"(b1) If a recipient is awarded a scholarship loan under this program and is enrolled, or accepted for enrollment, in a baccalaureate nursing program, but is unable to pursue the course of study in nursing for a semester due to limited faculty resources at the institution for that semester, then the recipient shall continue to receive the scholarship loan for that semester and shall not be required to forfeit or repay the scholarship loan for that semester provided that the recipient remains otherwise eligible for the program. This waiver shall be valid for only one semester of study and may extend a recipient's eligibility for funding under the program by no more than one semester."

DRAFT
SPECIAL PROVISION

2005-UNC-H8(S9.2)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

ENROLLMENT GROWTH FUND/ENCOURAGE PARTNERSHIPS FOR NEW 2 + 2 PROGRAMS

SECTION 9.2.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina, the sum of eighteen million eighty-seven thousand four hundred sixty-three dollars ($18,087,463) for the 2005-2006 fiscal year and the sum of eighteen million eighty-seven thousand four hundred sixty-three dollars ($18,087,463) for the 2006-2007 fiscal year shall be held in reserve to be used for distance education programs for undergraduate and graduate students. The Board of Governors shall apportion the funds among the programs, as it deems appropriate.

The Board of Governors shall report to the Joint Legislative Education Oversight Committee by February 1, 2006, regarding the implementation of this subsection and shall include in its report the following: a list of each program receiving funds under this subsection, the amount received by the program, and the purpose for which the funds were used.

SECTION 9.2.(b) The University of North Carolina Board of Governors' Task Force on Meeting Teacher Supply and Demand called for the President to develop a plan for enrollment growth in the University System's teacher education programs to respond to the State's shortage of teachers. In a presentation to the Joint Legislative Education Oversight Committee and to the Board of Governors, a commitment was made to increase the number of teacher education graduates in 2005-2006 and in 2006-2007. The Office of the President of The University of North Carolina shall obtain plans from each campus as to how they will maintain their current enrollment in the teacher education programs and achieve their growth targets to ensure such increases in those programs occur. Plans may include using enrollment growth funds for targeted admissions, enhanced student support, and advising, recruiting, increases in faculty in necessary instructional areas that lead to certification, and other methods the Office of the President believes will achieve those results. The Office of the President shall report back to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee no later than December 30, 2005, on each campus's plan for increasing teacher education graduates. No later than March 31, 2006, the Office of the President shall submit a report on progress towards meeting this priority for the 2006-2007 academic year, based on each campus's current students in the education programs, and the students who have been accepted for the 2006-2007 fiscal year who

are enrolling in the education programs. The report shall also explain the distribution of enrollment growth funds by specific initiative.

SECTION 9.2.(c) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall strongly encourage the constituent institutions and the community colleges that do not currently have 2 + 2 programs that emphasize teacher education to design and enter into formal partnerships to offer those 2 + 2 programs. The Board of Governors and the Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee by February 1, 2006, regarding the status of existing 2 + 2 programs and any new partnerships established.

DRAFT
SPECIAL PROVISION

2005-UNC-H9(S9.4)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

ENROLLMENT GROWTH FUNDING MODEL

SECTION 9.4. The Office of State Budget and Management, jointly with The University of North Carolina and the Fiscal Research Division of the General Assembly, shall conduct a comprehensive review of the enrollment funding model to review the assumptions contained within each element of the formula, to obtain current benchmark information related to specific elements within the formula, and to examine the impact of alternative elements and assumptions. An alternative to the current model shall be the result of this analysis. This alternative shall be used to prepare a request for enrollment growth funding for the budget to be submitted for the 2006 Session of the General Assembly and shall be shown in comparison to the use of the current formula.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H10(S9.5)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

UNC-NCCCS 2+2 E-LEARNING INITIATIVE

SECTION 9.5. Funds appropriated in this act to The University of North Carolina and the North Carolina Community College System for the UNC-NCCCS 2+2 E-Learning Initiative shall be used to fund further development of online courses for 2+2 programs. Based on a mutually agreed upon decision by the State Board of Education Chairman, the President of the North Carolina Community College System, and the President of The University of North Carolina as to the areas of greatest need, funds are available to support joint technology development, systems to track student progress and articulation between a North Carolina community college and a University of North Carolina campus, and to develop technology to support online courses and 2+2 programs.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H11(S9.6)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS

SECTION 9.6.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of sixty-seven million two hundred forty-eight thousand sixteen dollars ($67,248,016) for fiscal year 2005-2006 and the sum of sixty-seven million six hundred thirty-eight thousand sixteen dollars ($67,638,016) for fiscal year 2006-2007; and to the State Board of Community Colleges the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for fiscal year 2005-2006 and the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars ($13,981,202) for fiscal year 2006-2007. These funds shall be allocated by the North Carolina State Educational Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7.

The SEAA shall perform all of the administrative functions necessary to implement this program of financial aid. The SEAA shall conduct periodic evaluations of expenditures of the Scholarship Programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. The SEAA may make recommendations for redistribution of funds to The University of North Carolina and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

SECTION 9.6.(b) There is appropriated from the Escheat Fund to the Board of Governors of The University of North Carolina the sum of seven hundred eighty thousand dollars ($780,000) for the 2005-2006 fiscal year and the sum of one million one hundred seventy thousand dollars ($1,170,000) for the 2006-2007 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to provide scholarship loans (known as the Millennium Teaching Scholarship Loan Program) to North Carolina high school seniors interested in preparing to teach in the State's public schools who also enroll at any of the Historically Black Colleges and Universities that do not have Teaching Fellows. An allocation of 20 grants of six thousand five hundred dollars ($6,500) each shall be given to the three universities without any Teaching Fellows for the purposes specified in this subsection.

The SEAA shall administer these funds and shall establish any additional criteria needed to award these scholarship loans, the conditions for forgiving the loans, and the collection of the loan repayments when necessary.

SECTION 9.6.(c) If the interest income generated from the Escheat Fund is insufficient to pay the appropriations made in subsections (a) and (b) of this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum of four hundred million dollars ($400,000,000).

SECTION 9.6.(d) All obligations to students for uses of the funds set out in sections that were made before the date this act becomes law shall be fulfilled as to students who remain eligible under the provisions of the respective programs.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H12(S9.7)

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

STUDY OF DISTANCE EDUCATION

SECTION 9.7.(a) The Joint Legislative Education Oversight Committee shall contract with a consultant as provided by G.S. 120-70.82(c) to analyze the distance education programs at the institutions in the University System. The study shall identify any duplication in course and program offerings, leader courses and programs at campuses in a particular area of study, the cost of developing online courses, and determine which campuses are best suited to offer a particular course or program of study. The findings of the study shall be reported to the Joint Legislative Education Oversight Committee no later than April 30, 2006.

SECTION 9.7.(b) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for General Administration the sum of one hundred fifty thousand dollars ($150,000) for the 2005-2006 fiscal year shall be transferred to the General Assembly to be allocated to the Joint Legislative Education Oversight Committee to implement this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H13(S9.8)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

INFORMATION TECHNOLOGY PROCUREMENT

SECTION 9.8. For purposes of purchasing hardware, software licenses, and multiyear maintenance agreements, The University of North Carolina and its constituent institutions may participate in the aggregation of purchasing administered by the Office of State Technology Services, as defined in G.S. 147-33.72F. The Office of State Budget and Management shall conduct a cost comparison study of hardware, software license, and multiyear maintenance agreement purchases made by The University of North Carolina and its constituent institutions and by the Office of State Technology Services, to determine if further aggregation is cost-justified. The Study shall also include an analysis of aggregated purchases by the University System and the effect of educational discounts available to the University System. The report of comparative unit costs shall be completed by December 31, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H14(S9.9)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

BOARD OF GOVERNORS' DENTAL SCHOLARSHIPS

SECTION 9.9.(a) The current Board of Governors' Dental Scholarship Program, under the purview of the Board of Governors of The University of North Carolina, shall make any awards to students admitted after July 1, 2005, as scholarship loan awards. The Board of Governors' Dental Scholarship Program is administered by the Board of Governors of The University of North Carolina. The Board of Governors' Dental Scholarship Program shall be used to provide a four-year scholarship loan of relevant tuition and fees, mandatory medical insurance, required laptop computers for first-year students, required dental equipment, and an annual payment of five thousand dollars ($5,000) per year to students who have been accepted for admission to the School of Dentistry at the University of North Carolina at Chapel Hill. The Board may adopt standards, including minimum grade point average and DAT scores, for awarding these scholarship loans to ensure that only the most qualified students receive them. The Board shall make an effort to identify and encourage minority and economically disadvantaged youth to enter the program. All scholarship loans shall be evidenced by notes made payable to the Board that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Board. The Board shall forgive the loan if, within seven years after graduation, the recipient practices dentistry in North Carolina for four years. The Board shall also forgive the loan if it finds that it is impossible for the recipient to practice dentistry in North Carolina for four years, within seven years after graduation, because of the death or permanent disability of the recipient. All unused funds appropriated to or otherwise received by the Board for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds shall revert to the General Fund at the end of each fiscal year.

SECTION 9.9.(b) Any dental scholarship awarded prior to July 1, 2005, shall remain a scholarship and shall not be converted to a scholarship loan unless the recipient agrees to the conversion.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H15(S9.10)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

BOARD OF GOVERNORS' MEDICAL SCHOLARSHIPS

SECTION 9.10.(a) The current Board of Governors' Medical Scholarship Program, under the purview of the Board of Governors of The University of North Carolina, shall make any awards to students admitted after July 1, 2005, as scholarship loan awards. The Board of Governors' Medical Scholarship Program is administered by the Board of Governors of The University of North Carolina. The Board of Governors' Medical Scholarship Program shall be used to provide a four-year scholarship loan of relevant tuition and fees, mandatory medical insurance, required laptop computers, and an annual payment of five thousand dollars ($5,000) per year to students who have been accepted for admission to either Duke University School of Medicine, Brody School of Medicine at East Carolina University, the University of North Carolina at Chapel Hill School of Medicine, or the Wake Forest University School of Medicine. The Board may adopt standards, including minimum grade point average and MCAT scores, for awarding these scholarship loans to ensure that only the most qualified students receive them. The Board shall make an effort to identify and encourage minority and economically disadvantaged youth to enter the program. All scholarship loans shall be evidenced by notes made payable to the Board that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Board. The Board shall forgive the loan if, within seven years after graduation, the recipient practices medicine in North Carolina for four years. The Board shall also forgive the loan if it finds that it is impossible for the recipient to practice medicine in North Carolina for four years, within seven years after graduation, because of the death or permanent disability of the recipient. All unused funds appropriated to or otherwise received by the Board for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds shall revert to the General Fund at the end of each fiscal year.

SECTION 9.10.(b) Any medical scholarship awarded prior to July 1, 2005, shall remain a scholarship and shall not be converted to a scholarship loan unless the recipient agrees to the conversion.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H16(S9.11)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

TEACHER SCHOLARSHIPS FUNDS

SECTION 9.11.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding the following new section:

"**§ 116-209.38. Future Teachers of North Carolina Scholarship Loan Fund.**

(a) There is established the Future Teachers of North Carolina Scholarship Loan Fund. The purpose of the Fund is to provide a two-year scholarship loan of six thousand five hundred dollars ($6,500) per year for any North Carolina student pursuing a college degree to teach in the public schools of the State. The scholarship loan shall be paid only for the student's junior and senior years. The scholarship loan is available if the student is enrolled in a State institution of higher education or a private institution of higher education located in this State that has an accredited teacher preparation program for students planning to become certified teachers in North Carolina. The State Education Assistance Authority shall administer the Fund and shall award 100 scholarship loans annually.

(b) The Board of Governors of The University of North Carolina, in consultation with the State Board of Education and the State Board of Community Colleges, shall develop the criteria for awarding the scholarship loans under this section and shall adopt very stringent standards for awarding these scholarship loans to ensure that only the best students receive them. Additional criteria for awarding a scholarship loan under this section shall include all of the following:

(1) The student is one who either: (i) maintained a "B" or better average in college and is enrolled as a junior or senior in a teacher preparation program at any of the institutions described by subsection (a) of this section; or (ii) completed a college transfer curriculum at a community college in the State's community college system, maintained a "B" or better average in the community college courses, and is accepted and enrolled in a teacher preparation program at one of the institutions described by subsection (a) of this section.

(2) The student agrees to become certified in math, science, special education, or English as a Second Language and teach full-time in that subject area in a North Carolina public school for four years within five years after graduation.

(3) Any additional criteria that the Board of Governors of The University of North Carolina, in consultation with the State Board of Education

and the State Board of Community Colleges, considers necessary to administer the Fund effectively.

(c) If a student who is awarded a scholarship loan under this section fails to comply with the provisions of this section or the terms of the agreement awarding the scholarship loan, then the student shall repay the full amount of the scholarship loan provided to the student and the appropriate amount of interest as determined by the State Education Assistance Authority.

(d) The Board of Governors of The University of North Carolina, the State Board of Education, and the State Board of Community Colleges shall: (i) prepare a clear written explanation of the Future Teachers of North Carolina Scholarship Fund and the information regarding the availability and criteria for awarding the scholarship loans, and (ii) shall provide that information to the appropriate counselors in each local school system and the appropriate institutions of higher education and shall charge those counselors to inform students about the scholarship loans and to encourage them to apply for the scholarship loans.

(e) The Board of Governors of The University of North Carolina shall adopt rules to implement this section.

(f) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarship loans awarded from the Fund."

SECTION 9.11.(b) Of the funds appropriated in this act to the State Education Assistance Authority, the sum of six hundred fifty thousand dollars ($650,000) for the 2005-2006 fiscal year and the sum of one million three hundred thousand dollars ($1,300,000) for the 2006-2007 fiscal year shall be used to implement this act.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H17(S9.12)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

UNC-ASHEVILLE RETAIN SALE PROCEEDS

SECTION 9.12. Notwithstanding any other provision of law, the University of North Carolina at Asheville may retain the proceeds from the sale of its existing chancellor's residence and appurtenant land. The University of North Carolina at Asheville may use the proceeds from the sale of its existing chancellor's residence and the appurtenant land to construct or otherwise acquire a new chancellor's residence. Proceeds from the sale not used for that purpose within two fiscal years of the sale shall revert to the General Fund.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H19(S9.14)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: **Representatives Jeffus, Tolson, Yongue**

REPEAL NC SCHOOL OF SCIENCE AND MATH TUITION GRANT

SECTION 9.14.(a) G.S. 116-238.1 is repealed.

SECTION 9.14.(b) This section becomes effective July 1, 2005, but shall not apply to any student who was eligible for a legislative tuition grant under G.S. 116-238.1 before the 2006-2007 academic year. A student who was eligible for the legislative tuition grant before the 2006-2007 academic year shall continue to be eligible for the legislative tuition grant provided the student continues to meet the criteria provided by G.S. 116-238.1.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H21(S9.16)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY FUNDS

SECTION 9.16. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2005-2006 fiscal year the sum of one million eighty-eight thousand nine hundred forty-one dollars ($1,088,941) shall be allocated to North Carolina Agricultural and Technical State University for agricultural and research extension programs. It is the intent of the General Assembly to fully fund these programs for the 2006-2007 fiscal year.

DRAFT
SPECIAL PROVISION

2005-UNC-H22(S9.17)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

TRANSFER PROSPECTIVE TEACHER SCHOLARSHIP LOAN AND TEACHER ASSISTANT SCHOLARSHIP LOAN TO THE NC STATE EDUCATION ASSISTANCE AUTHORITY

SECTION 9.17.(a) The Scholarship Loan Fund for Prospective Teachers is transferred from the Department of Public Instruction to the State Education Assistance Authority. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6.

SECTION 9.17.(b) G.S. 115C-468 is recodified as G.S. 116-209.33. G.S. 115C-469, 115C-470, and 115C-472.1 are repealed. G.S. 115C-471 is recodified as G.S. 116-209.34.

SECTION 9.17.(c) G.S. 115C-468 recodified by subsection (b) of this section as G.S. 116-209.33 reads as rewritten:

"**§ 116-209.33. ~~Establishment of fund.~~Scholarship Loan Fund for Prospective Teachers.**

(a) There is established a revolving fund known as the "Scholarship Loan Fund for Prospective Teachers". The purpose of the Fund is to provide scholarship loans to qualified individuals who are pursuing college degrees to become teachers. The State Education Assistance Authority shall administer the Fund.

(b) ~~Criteria~~ The State Education Assistance Authority, in consultation with the State Board of Education, shall develop criteria for awarding scholarship loans from ~~the fund shall include measures~~ the Fund. These criteria shall include:

(1) Measures of academic performance including grade point averages, scores on standardized tests, class rank, and recommendations of guidance counselors and principals.

(2) North Carolina residency. – For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.

(3) The geographic areas or subjects of instruction in which the demand for teachers is greatest.

(4) To the extent practical, an equal number of scholarships shall be awarded in each of the State's Congressional Districts.

(5) Any additional criteria that the State Education Assistance Authority considers necessary to administer the Fund effectively, including the following:

a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.

b. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of teaching.

(c) The ~~Superintendent of Public Instruction~~State Education Assistance Authority may earmark each year up to twenty percent (20%) of the funds available for scholarship loans ~~each year~~under this section for awards to applicants ~~who have been employed for at least one year as teacher assistants and who are currently employed as teacher assistants. Preference for these scholarship loans from funds earmarked for teacher assistants shall be given first to applicants who worked as teacher assistants for at least five years and whose positions as teacher assistants were abolished and then to applicants who already hold a baccalaureate degree or who have already been formally admitted to an approved teacher education program in North Carolina. The criteria for awarding scholarship loans to applicants who worked as teacher assistants for at least five years and whose positions as teacher assistants were abolished shall include whether the teacher assistant has been admitted to an approved teacher education program in North Carolina.~~for the Teacher Assistant Scholarship Fund established in G.S. 116-209.35.

~~The Superintendent of Public Instruction may further earmark a portion of these funds each year for two-year awards to applicants who have been employed for at least one year as teacher assistants to attend community colleges to get other skills of use in public schools or to get an early childhood associate degree. The provisions of this Article shall apply to these scholarship loans except that a recipient of one of these scholarship loans may receive credit upon the amount due by reason of the loan as provided in G.S. 115C-471(5) or by working in a nonteaching position in the North Carolina public schools or by working in a licensed child care center in North Carolina.~~"

SECTION 9.17.(d) G.S. 115C-471 recodified by subsection (b) of this section as G.S. 116-209.34 reads as rewritten:

"**§ 116-209.34. Fund administered by ~~State Superintendent of Public Instruction; rules and regulations.~~State Education Assistance Authority; rule-making authority.**

(a) ~~The Scholarship Loan Fund for Prospective Teachers shall be administered by the State Superintendent of Public Instruction, under rules adopted by the State Board of Education and subject to the following directions and limitations:~~The State Education Assistance Authority shall establish the terms and conditions for the scholarship loans consistent with the following:

(1) ~~Any resident of North Carolina who is interested in preparing to teach in the public schools of the State may apply in writing to the State Superintendent of Public Instruction for a regular scholarship loan in the amount of not more than two thousand five hundred dollars ($2,500) per academic school year. An applicant who has been employed for at least one year as a teacher assistant and who is currently employed as a teacher assistant may apply for a scholarship loan from funds earmarked for teacher assistants in the amount of not more than one thousand two hundred dollars ($1,200) per academic~~

~~school year.~~The loan amount shall be not more than four thousand dollars ($4,000) per academic school year for a maximum of four years for applicants who are pursuing a college degree to become a teacher.

(2) All scholarship loans shall be evidenced by notes made payable to the ~~State Board of Education~~ Authority that bear interest at the rate of ten percent (10%) per ~~annum from and after September 1 following fulfillment by a prospective teacher of the requirements for a certificate based upon the entry level degree; or in the case of persons already teaching in the public schools who obtain scholarship loans, the notes shall bear interest at the prescribed rate from and after September 1 of the school year beginning immediately after the use of the scholarship loans; or in the event any such scholarship is terminated under the provisions of subdivision (3) of this section, the notes shall bear interest from the date of termination. A minor recipient who signs a note shall also obtain the endorsement thereon by a parent, if there be a living parent, unless the endorsement is waived by the Superintendent of Public Instruction. The minor recipient shall be obligated upon the note as fully as if the recipient were of age and shall not be permitted to plead such minority as a defense in order to avoid the obligations undertaken upon the notes.~~year, beginning September 1 after graduation, or immediately after termination of the scholarship loan, whichever is earlier.

(3) ~~Each recipient of a scholarship loan under the provisions of this program shall be eligible for scholarship loans each year until the recipient has qualified for a certificate based upon the entry level degree, but the recipient shall not be so eligible for more than the minimum number of years normally required for qualifying for the certificate. The permanent withdrawal of any recipient from college or failure of the recipient to do college work in a manner acceptable to the State Superintendent of Public Instruction shall immediately forfeit the recipient's right to retain the scholarship and subject the scholarship to termination by the State Superintendent of Public Instruction in the Superintendent's discretion.~~ A scholarship loan shall be terminated upon the recipient's withdrawing from school or a finding by the Authority that the recipient fails to meet the standards set by the Authority. All terminated scholarships shall be regarded as vacant and subject to being awarded to other eligible persons.

~~(4) Except under emergency conditions applicable to the State Superintendent of Public Instruction, recipients of scholarship loans shall enter the public school system of North Carolina at the beginning of the next school term after qualifying for a certificate based upon the entry level degree or, in case of persons already teaching in the public schools, at the beginning of the next school term after the use of the loan. All teaching service for which the recipient of any scholarship~~

~~loan is obligated shall be rendered by August 31 of the seventh school year following graduation.~~

~~(5)~~(4) ~~For each full school year taught in a North Carolina public school, the recipient of a scholarship loan shall receive credit upon the amount due by reason of the loan equal to the loan amount for a school year as provided in the note plus credit for the total interest accrued on that amount. Also, the recipient of the loan shall receive credit upon the total amount due by reason of all four years of the loan if the recipient teaches for three consecutive years.~~ The Authority shall forgive a four-year loan if, within seven years after graduation, the recipient teaches for four years at a North Carolina public school or at a school operated by the United States government in North Carolina. The Authority shall also forgive a four-year loan if, within seven years after graduation, the recipient teaches for three consecutive years, or for three years interrupted only by an approved leave of absence, at a North Carolina public school that is in a low-performing school system or a school system on warning status at the time the recipient accepts employment with the local school administrative unit. ~~In lieu of teaching in the public school, a recipient may elect to pay in cash the full amount of scholarship loans received plus interest then due thereon or any part thereof that has not been canceled by the State Board of Education by reason of teaching service rendered.~~ For loans of less than four years, the Authority shall forgive one year for each year the recipient teaches, within four years of graduation, at a North Carolina public school or a school operated by the United States government in North Carolina.

~~(6)~~(5) ~~If any recipient of a scholarship loan dies during the period of attendance at a college or university under a scholarship loan or before the scholarship loan is satisfied by payment or teaching service, any balance shall be automatically canceled.~~

~~If any recipient of a scholarship loan fails to fulfill the recipient's obligations under subdivision (4) of this section, other than as provided above, the amount of the loan and accrued interest, if any, shall be due and payable from the time of failure to fulfill the recipient's obligations.~~ The Authority may forgive or reduce any loan payment if the Authority considers that extenuating circumstances exist that would make teaching or repayment impossible.

~~(7)~~(6) ~~The State Superintendent of Public Instruction shall award scholarship loans with due consideration to factors and circumstances such as aptitude, purposefulness, scholarship, character, financial need, and geographic areas or subjects of instruction in which the demands for teachers are greatest. Since the primary purpose of this Article is to attract worthy young people to the teaching profession, preference for scholarship loans, except for the scholarship loans from funds earmarked for teacher assistants, shall be given to high school seniors in the awarding of scholarships. In awarding scholarship loans from~~

~~funds earmarked for teacher assistants, preference shall be given to applicants who have already earned a baccalaureate degree or who have been formally admitted to an approved teacher education program in North Carolina.~~The Authority shall ensure that all repayments, including the accrued interest, are placed in the Fund.

(b) The State Education Assistance Authority, in consultation with the State Board of Education, shall adopt rules to implement G.S. 116-209.33, 116-209.34, and 116-209.35."

SECTION 9.17.(e) This section becomes effective January 1, 2006, and applies to scholarship loans awarded on or after that date.

DRAFT
SPECIAL PROVISION

2005-UNC-H23(S9.18)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

UNIVERSITY SYSTEM AND COMMUNITY COLLEGE SYSTEM JOINT STUDY OF HIGHER EDUCATION STRATEGY/AMEND REPORTING REQUIREMENT

SECTION 9.18. Section 6.2 of S.L. 2004-179 reads as rewritten:

"**SECTION 6.2.** These studies shall be designed to provide information and recommendations that will assist the General Assembly in setting priorities for funding to address the strategic higher education needs of the State. The Board of Governors, the State Board, and their consultant shall periodically report their findings to a higher education programming subcommittee of the Joint Legislative Education Oversight Committee. The two boards and their consultant shall report the preliminary results of the study to the General Assembly and to the Joint Legislative Education Oversight Committee by ~~April 15, 2005,~~ June 15, 2005, and shall file a final report and recommendations with the General Assembly and the Joint Legislative Education Oversight Committee no later than ~~December 31, 2005.~~December 31, 2006."

DRAFT
SPECIAL PROVISION

2005-UNC-H25(S9.21)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND

SECTION 9.21.(a) G.S. 116-41.15 reads as rewritten:

"**§ 116-41.15. Distinguished Professors Endowment Trust Fund; allocation; administration.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) On the basis of one three hundred thirty-four thousand dollar ($334,000) challenge grant for each six hundred sixty-six thousand dollars ($666,000) raised from private sources; or

(2) On the basis of one one hundred sixty-seven thousand dollar ($167,000) challenge grant for each three hundred thirty-three thousand dollars ($333,000) raised from private ~~sources.~~sources; or

(3) On the basis of one challenge grant of up to six hundred sixty-seven thousand dollars ($667,000) for funds raised from private sources in twice the amount of the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision ~~(1) or~~(1), subdivision ~~(2)~~ (2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on ~~a two-to-one basis.~~the basis of two dollars of private funds for every one dollar of State funds.

(b) For focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) On the basis of one five hundred thousand dollar ($500,000) challenge grant for each five hundred thousand dollars ($500,000) raised from private sources; or

(2) On the basis of one two hundred fifty thousand dollar ($250,000) challenge grant for each two hundred fifty thousand dollars ($250,000) raised from private ~~sources.~~sources; or

(3) On the basis of one challenge grant of up to one million dollars ($1,000,000) for funds raised from private sources in the same amount as the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision ~~(1) or~~(1), subdivision ~~(2)~~(2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on

~~a one-to-one basis.~~the basis of one dollar of private funds for every dollar of State funds.

(c) Matching funds shall come from contributions made after July 1, 1985, and pledged for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board of trustees shall establish its own Distinguished Professors Endowment Trust Fund, and shall maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private contributions and for the State matching funds for the challenge grants. The State matching funds shall be transferred to the constituent institution's Endowment Fund upon notification that the institution has received and deposited the appropriate amount required by this section in its own Distinguished Professors Endowment Trust Fund. Only the net income from that account shall be expended in support of the distinguished professorship thereby created."

SECTION 9.21.(b) G.S. 116-41.16 reads as rewritten:

"**§ 116-41.16. Distinguished Professors Endowment Trust Fund; contribution commitments.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

(1) A commitment to make a donation of at least six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143-31.4, and an initial payment of one hundred eleven thousand dollars ($111,000) to receive a grant described in G.S. 116-41.15(a)(1); or

(2) A commitment to make a donation of at least three hundred thirty-three thousand dollars ($333,000), as prescribed by G.S. 143-31.4, and an initial payment of fifty-five thousand five hundred dollars ($55,500) to receive a grant described in G.S. 116-41.15(a)~~(2);~~(2); or

(3) A commitment to make a donation in excess of six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143-31.4, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(a)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment and shall be made on or before the anniversary date of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair.

(b) For focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

(1) A commitment to make a donation of at least five hundred thousand dollars ($500,000), as prescribed by G.S. 143-31.4, and an initial payment of eighty-three thousand three hundred dollars ($83,300) to receive a grant described in G.S. 116-41.5(b)(1); or

(2) A commitment to make a donation of at least two hundred fifty thousand dollars ($250,000), as prescribed by G.S. 143-31.4, and an

initial payment of forty-one thousand six hundred dollars ($41,600) to receive a grant described in G.S. 116-41.15(b)~~(2);~~(2); or

(3) A commitment to make a donation in excess of five hundred thousand dollars ($500,000), as prescribed by G.S. 143-31.4, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(b)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair."

SECTION 9.21.(c) G.S. 116-41.17 reads as rewritten:

"**§ 116-41.17. Distinguished Professors Endowment Trust Fund; establishment of chairs.**

When the sum of the challenge grant and matching funds in the ~~Scholars'~~ Distinguished Professors Endowment Trust Fund reaches:

(1) One million dollars ($1,000,000), if the sum of funds described in ~~G.S. 116-41.15(1); or~~ G.S. 116-41.15(a)(1) or G.S. 116-41.15(b)(1); or

(2) Five hundred thousand dollars ($500,000), if the sum of funds described in ~~G.S. 116-41.15(2);~~G.S. 116-41.15(a)(2) or G.S. 116-41.15(b)(2); or

(3) An amount up to two million dollars ($2,000,000), if the sum of funds described in G.S. 116-41.15(a)(3) or G.S. 116-41.15(b)(3);

the board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs. The Board, in considering whether to approve the recommendation, shall include in its consideration the programs already existing in The University of North Carolina. If the Board approves the recommendation, the chair or chairs shall be established. The chair or chairs, the property of the constituent institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the option of the board of trustees."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H26(S9.22)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

UNC MAY ENCOURAGE THE ESTABLISHMENT OF PRIVATE, NONPROFIT CORPORATIONS TO SUPPORT THE UNIVERSITY SYSTEM AND ASSIGN UNC EMPLOYEES TO ASSIST WITH THOSE CORPORATIONS

SECTION 9.22. Article 1 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 2B. Private, Nonprofit Corporations.

"**§ 116-30.20. Establishment of private, nonprofit corporations.**

The Board of Governors of The University of North Carolina shall encourage the establishment of private, nonprofit corporations to support the constituent institutions of The University of North Carolina and The University System. The President of The University of North Carolina and the chancellors of the constituent institutions may assign employees to assist with the establishment and operation of a nonprofit corporation and may make available to the corporation office space, equipment, supplies, and other related resources; provided, the sole purpose of the corporation is to support The University of North Carolina or one or more of its constituent institutions.

The board of directors of each such private, nonprofit corporation shall secure and pay for the services of The University System's internal auditors or employ a certified public accountant to conduct an audit of the financial accounts of the corporation. The board of directors shall transmit to the Board of Governors a copy of the annual financial audit report of the private, nonprofit corporation."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H27(S9.23)i-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

ELIMINATE REPORTING REQUIREMENT FOR SCHOOL ADMINISTRATOR TRAINING PROGRAMS

SECTION 9.23. G.S. 116-74.21 reads as rewritten:

"**§ 116-74.21. Establishment of a competitive proposal process for school administrator programs.**

(a) The Board of Governors shall develop and implement a competitive proposal process and criteria for assessing proposals to establish school administrator training programs within the constituent institutions of The University of North Carolina. To facilitate the development of the programs, program criteria, and the proposal process, the Board of Governors may convene a panel of national school administrator program experts and other professional training program experts to assist it in designing the program, the proposal process, and criteria for assessing the proposals.

(b) No more than 12 school administrator programs shall be established under the competitive proposal program. In selecting campus sites, the Board of Governors shall be sensitive to the racial, cultural, and geographic diversity of the State. Special priority shall be given to the following factors: (i) the historical background of the institutions in training educators; (ii) the ability of the sites to serve the geographic regions of the State, such as, the far west, the west, the triad, the piedmont, and the east; and, (iii) whether the type of roads and terrain in a region make commuting difficult. A school administrator program may provide for instruction at one or more campus sites.

(c) The Board of Governors shall study the issue of supply and demand of school administrators to determine the number of school administrators to be trained in the programs in each year of ~~each biennium. The Board of Governors shall report the results of this study to the Joint Legislative Education Oversight Committee no later than March 1, 1994, and annually thereafter.~~the biennium and report the results of this study to the Joint Legislative Education Oversight Committee no later than March 1 annually.

(d) The Board of Governors shall develop a budget for the programs established under subsection (a) of this section that reflects the resources necessary to establish and operate school administrator programs that meet the vision of the report submitted to the 1993 General Assembly by the Educational Leadership Task Force.

~~(e) The Board of Governors shall report annually on the implementation of the act no later than December 1 of each year.~~"

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H28(S9.24)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: **Representatives Jeffus, Tolson, Yongue**

CONTINUE ACADEMIC COMMON MARKET PROGRAM

SECTION 9.24. Part 5 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-43.10. Academic Common Market program.**

(a) The Southern Regional Education Board operates an Academic Common Market program. Under this program, qualified students from participating states may apply to attend programs at public universities in participating states that are not available in their home state's university system. North Carolina's participation for graduate programs provides a cost-effective means of offering educational access for North Carolina residents. North Carolinians are able to attend graduate programs that are not available at The University of North Carolina at reduced rates, and the State avoids the cost associated with the development of new academic programs.

(b) The Board of Governors of The University of North Carolina may continue participation in the Southern Regional Education Board's Academic Common Market at the graduate program level. The Board of Governors shall examine the graduate programs offered in The University of North Carolina System and select for participation only those graduate programs that are likely to be unique or are not commonly available in other Southern Regional Education Board states. Out-of-state tuition shall be waived for students who are residents of other Southern Regional Education Board states and who are participating in the Academic Common Market program. If accepted into The University of North Carolina graduate programs that are part of the Academic Common Market, these students shall pay in-State tuition and shall be treated for all purposes of The University of North Carolina as residents of North Carolina.

(c) Once a student is enrolled in The University of North Carolina System under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program. The Board of Governors shall provide a report on the Academic Common Market program to the Joint Legislative Education Oversight Committee by September 2007 and each biennium thereafter."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H30(S9.26)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: **Representatives Jeffus, Tolson, Yongue**

BRODY SCHOOL OF MEDICINE AT ECU/MEDICARE RECEIPTS/FAMILY MEDICINE CENTER

SECTION 9.26.(a) G.S. 116-36.6 reads as rewritten:

"**§ 116-36.6. Brody School of Medicine at East Carolina ~~University School of Medicine;~~ University; Medicare receipts.**

The Brody School of Medicine at East Carolina University ~~School of Medicine~~ shall request, on a regular basis consistent with the State's cash management plan, funds earned by the School from Medicare reimbursements for education costs. Upon receipt, these funds shall be allocated as follows:

(1) The portion of the Medicare reimbursement generated through the effort and expense of the Brody School of Medicine's Medical Faculty Practice Plan shall be transferred to the appropriate Medical Faculty Practice Plan account within the School of Medicine. The Medical Faculty Practice Plan shall assume responsibility for any of these funds that subsequently must be refunded due to final audit settlements.

~~(2) The funds from this source budgeted by the General Assembly as part of the School of Medicine's General Fund budget code shall be credited to that code as a receipt.~~

~~(3) The remainder of the funds shall be transferred to a special fund account on deposit with the State Treasurer. This special fund account shall be used for any necessary repayment of Medicare funds due to final audit settlements for funds allocated under subdivision (2) of this subsection. When the amount of these reimbursement funds has been finalized by audit for each year, those funds remaining in the special fund shall be available for specific capital improvement projects for the East Carolina University School of Medicine. Requests by East Carolina University for use of these funds shall be made to the Board of Governors of The University of North Carolina. Approval of projects by the Board of Governors shall be reported to the Joint Legislative Commission on Governmental Operations, and the reports shall include projected costs and sources of funds for operation of the approved projects.~~

(2a) Funds that were received pursuant to this section prior to July 1, 2005, and that were transferred to a special fund account on deposit with the State Treasurer are appropriated to the Brody School of Medicine at

East Carolina University and may be expended by the Brody School of Medicine for the family medicine center and for purposes consistent with its stated mission."

SECTION 9.26.(b) Subsections (b) and (c) of Section 87 of Chapter 321 of the 1993 Session Laws are repealed.

SECTION 9.26.(c) Notwithstanding any other provisions of law, the Board of Governors of The University of North Carolina may authorize the design and construction of a new capital project, a family medicine center, on the Health Sciences Campus of the Brody School of Medicine at East Carolina University, that would replace the existing family medicine facility that has reached capacity. The family medicine center is also used as a clinical teaching site for medical students, and the existing facility is functionally outdated for this purpose. The cost of the facility is estimated to be thirty million dollars ($30,000,000). The Board of Governors of The University of North Carolina may authorize the financing of the project with funds available to the Brody School of Medicine at East Carolina University from Medicare reimbursements for education costs, gifts, grants, receipts, self-liquidating indebtedness, or other funds, or any combination of these funds, but not including funds appropriated from the General Fund of the State.

SECTION 9.26.(d) Effective July 1, 2005, the Brody School of Medicine Medical Faculty Practice Plan shall no longer be required to reimburse the General Fund for use of outpatient facilities built with General Fund monies.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H32(S9.28)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: **Representatives Jeffus, Tolson, Yongue**

ENHANCE NUTRITION IN UNIVERSITY AND COMMUNITY COLLEGE FOOD PROGRAMS

SECTION 9.28.(a) For nutritional purposes, the Board of Governors of The University of North Carolina and the State Board of Community Colleges shall adopt policies governing any food programs operated by the constituent institutions or local community colleges that prohibit: (i) the use of cooking oils in those food programs that contain trans-fatty acids, or (ii) the sale of processed foods containing trans-fatty acids that were formed during the commercial processing of the foods.

SECTION 9.28.(b) The policies adopted in compliance with this section shall be implemented by August 1, 2007.

House prov.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H34-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

PROFESSIONAL DEVELOPMENT PROGRAMS FOR PUBLIC SCHOOL EMPLOYEES

SECTION #.(a) G.S. 115C-12(26) reads as rewritten:

"§ 115C-12. Powers and duties of the Board generally.

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(26) Duty to Monitor and Make Recommendations Regarding Professional Development Programs. – The State Board of ~~Education shall identify State and local needs for professional development for professional public school employees based upon the State's educational priorities for improving student achievement. The State Board also shall recommend strategies for addressing these needs. The strategies must be research based, proven in practice, and designed for data driven evaluation. The State Board shall report its findings and recommendations to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Board of Governors of The University of North Carolina prior to January 15, 2002, and shall review, revise, and resubmit those findings and recommendations annually thereafter. The State Board shall evaluate the reports submitted by the Board of Governors under G.S. 116-11(12a) to determine whether the programs for professional development provided by the Center for School Leadership Development address the State and local needs identified by the State Board and whether the programs are using the strategies recommended by the State Board. Prior to January 15th of each year, the State Board shall report the results of its analysis to the Board of Governors and to the Joint Legislative Education Oversight Committee.~~ Education, in collaboration with the Board of Governors of The University of North Carolina, shall identify and make recommendations regarding meaningful professional development programs for professional public

school employees. The programs shall be aligned with State education goals and directed toward improving student academic achievement. The State Board shall annually evaluate and, after consultation with the Board of Governors, make recommendations regarding professional development programs based upon reports submitted by the Board of Governors under G.S. 116-11(12a)."

SECTION #.(b) G.S. 116-11(12a) reads as rewritten:

"**§ 116-11. Powers and duties generally.**

The powers and duties of the Board of Governors shall include the following:

...

(12a) ~~Notwithstanding any other law, the~~The Board of Governors of The University of North Carolina shall implement, administer, and revise programs for meaningful professional development for professional public school employees ~~in accordance with~~ based upon the evaluations and recommendations made by the State Board of Education under G.S. 115C-12(26). The programs shall be aligned with State education goals and directed toward improving student academic achievement. ~~The Board of Governors shall submit to the State Board of Education an annual written report that uses data to assess and evaluate the effectiveness of the programs for professional development offered by the Center for School Leadership Development. The report shall clearly document how the programs address the State needs identified by the State Board of Education and whether the programs are utilizing the strategies recommended by the State Board. The Board of Governors also shall submit this report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives prior to September 15th of each year.~~The Board of Governors shall submit to the State Board of Education an annual report evaluating the professional development programs administered by the Board of Governors."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H35-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

STUDY IN-STATE TEACHER TUITION BENEFIT

SECTION #. The Joint Legislative Education Oversight Committee shall study the current law regarding the in-State tuition rate available to certain teachers for courses relevant to teacher certification or professional development as a teacher. In its study, the Committee shall consider the difficulty some teachers have in establishing North Carolina as their domicile, the fact that school systems on the borders of the State often recruit nonresidents who commute from their homes to teach in the North Carolina public school system and so are unable to establish this State as their domicile and any other relevant issues. The Committee shall make an interim report regarding its findings and recommendations to the 2005 General Assembly by May 30, 2007, and shall make a final report of its findings and recommendations to the 2007 General Assembly.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H36(S9.1)-P

University of North Carolina and Private Instruction Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

UNC BUDGET REDUCTION REPORT

SECTION 9.1. The Chancellor of each constituent institution shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes in order to meet the reduction amounts for that institution, including the positions eliminated and the actions taken on nonpersonnel costs. The President of The University of North Carolina shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes controlled by the Board in order to meet the reduction amounts for those entities. The report shall include the positions eliminated and the actions taken on nonpersonnel costs to achieve the reductions. The Board of Governors shall make a summary report to the Office of State Budget and Management and the Fiscal Research Division by December 31, 2005, on all reductions made by these entities and constituent institutions in order to reduce the budgets by the targeted amounts. The report shall include the positions eliminated and the actions taken on nonpersonnel costs to achieve the reductions.

DRAFT
SPECIAL PROVISION

2005-UNC-H37-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

PRORATE LEGISLATIVE TUITION GRANT FOR PART-TIME STUDENTS IN EDUCATION AND NURSING

SECTION #. G.S. 116-21.2 reads as rewritten:

"§ 116-21.2. Legislative tuition grants to aid students attending private institutions of higher education.

(a) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition to all other financial assistance made available to institutions, or to students attending these institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum, to be determined by the General Assembly for each academic year which shall be distributed to the student as provided by this subsection.

(a1) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition to all other financial assistance made available to institutions, or to students attending these institutions, there is granted to each North Carolina student who is enrolled as a part-time undergraduate in a course of study for nursing or teaching at an approved institution as defined in G.S. 116-22, a pro rata share of the tuition grant provided for by subsection (a) of this section.

(b) The tuition grants provided for in this section shall be administered by the State Education Assistance Authority pursuant to rules adopted by the State Education Assistance Authority not inconsistent with this section. The State Education Assistance Authority shall not approve any grant until it receives proper certification from an approved institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the State Education Assistance Authority shall remit at the times as it prescribes the grant to the approved institution on behalf, and to the credit, of the student.

(c) ~~In~~ Except as provided in subsection (a1) of this section, in the event a student on whose behalf a grant has been paid is not enrolled and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the grant was paid, the institution shall refund the full amount of the grant to the State Education Assistance Authority. Each approved institution shall be subject to examination by the State Auditor for the purpose of determining whether the institution has properly certified eligibility and enrollment of students and credited grants paid on behalf of the students.

(d) In the event there are not sufficient funds to provide each eligible student with a full ~~grant:~~grant or a pro rata grant as provided by subsections (a) and (a1) of this section:

(1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the programs provided by subsections (a) and (b) of this section; and

(2) Each eligible student shall receive a pro rata share of funds then available for the remainder of the academic year within the fiscal period covered by the current appropriation.

(e) Any remaining funds shall revert to the General Fund."

DRAFT
SPECIAL PROVISION

2005-UNC-H38(S9.13)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

UNC BOND PROJECT MODIFICATIONS

SECTION 9.13.(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 Elizabeth City State University by changing the scope of "Mitchell-Lewis Residence Hall-Comprehensive Renovation" to be a replacement project instead of a renovation. Section 2(a) of S.L. 2000-3 is therefore amended in the portion under Elizabeth City State University by replacing "Mitchell Lewis Residence Hall-Comprehensive Renovation" with "Mitchell Lewis Residence Hall-Replacement."

SECTION 9.13.(b) 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 Central University by the cancellation of "Latham Residence Hall-Comprehensive Renovation". The unused monies from "Latham Residence Hall-Comprehensive Renovation" should be transferred to "Eagleson Residence Hall-Comprehensive Renovation". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under North Carolina Central University by reducing the money allocated to "Latham Residence Hall-Comprehensive Renovation" by reducing that amount by two million three hundred seventy-three thousand four hundred fifty-seven dollars ($2,373,457) to a total of one million thirty-eight thousand one hundred forty-three dollars ($1,038,143) and by increasing the allocation to "Eagleson Residence Hall-Comprehensive Renovation" by two million three hundred seventy-three thousand four hundred fifty-seven dollars ($2,373,457) to create a total allocation of nine million two hundred forty-two thousand nine hundred fifty-seven dollars ($9,242,957).

SECTION 9.13.(c) 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 the University of North Carolina at Wilmington by the cancellation of "King Hall Classroom Building-Comprehensive Renovation" and by transferring the unused funds to the following projects listed under the portion entitled University of North Carolina at Wilmington: "Academic & Classroom Facilities," "General Classroom Bldg.", "Hinton James Hall Classroom Bldg.-Comprehensive Renovation," "Friday Hall Laboratory Bldg.-Comprehensive Renovation," "Kenan Auditorium-Comprehensive Renovation." Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the University of North Carolina at Wilmington by:

(1) Reducing the allocation to "King Hall Classroom Building-Comprehensive Renovation" by three million one hundred sixty-eight thousand six hundred eighty-nine dollars ($3,168,689) to create a total allocation of three hundred fifty-eight thousand seven hundred eleven dollars ($358,711).

(2) Increasing the allocation to "General Classroom Building" by six hundred seventy-nine thousand seven hundred seventy-eight dollars ($679,778) to create a total allocation of thirteen million three hundred twenty-six thousand seven hundred seventy-eight dollars ($13,326,778).

(3) Increasing the allocation to "Academic & Classroom Facilities" by nine hundred ninety-one thousand one hundred twenty-three dollars ($991,123) to create a total allocation of thirty-four million twenty-three thousand two hundred twenty-three dollars ($34,023,223).

(4) Increasing the allocation to "Hinton James Hall Classroom Building-Comprehensive Renovation" by one hundred seventy-six thousand six hundred nine dollars ($176,609) to create a total allocation of two million eight hundred six thousand five hundred sixty-one dollars ($2,806,561).

(5) Increasing the allocation to "Kenan Auditorium-Comprehensive Renovation" by one hundred fifty-one thousand seven hundred forty-nine dollars ($151,749) to create a total allocation of two million seventy-three thousand seven hundred twenty-four dollars ($2,073,724).

(6) Increasing the allocation to "Friday Hall Laboratory Building-Comprehensive Renovation" by one million one hundred sixty-nine thousand four hundred thirty dollars ($1,169,430) to create a total allocation of eight million eight hundred sixty-two thousand eight hundred thirty dollars ($8,862,830).

SECTION 9.13.(d) 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 the University of North Carolina at Pembroke by the cancellation of "West Residence Hall-Comprehensive Renovation" and by transferring the unused funds to a new project, "North and Belk Residence Halls-Fire Safety Improvements and Renovations" and by the cancellation of "Campuswide Infrastructure Improvements" and by transferring those unused funds to a new project, "Biotechnology Teaching Labs and Classroom Building". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under University of North Carolina at Pembroke by:

(1) Reducing the allocation to "West Residence Hall-Comprehensive Renovation" by eight hundred seventy-nine thousand three hundred dollars ($879,300) to a total allocation of ninety-eight thousand dollars ($98,000).

(2) Reducing the allocation to "Campuswide Infrastructure Improvements" by one million seven hundred thirty thousand three

hundred eighty-two dollars ($1,730,382) to a total allocation of two hundred sixty-six thousand two hundred eighteen dollars ($266,218).

(3) Adding a new project entitled "North and Belk Residence Halls-Fire Safety Improvements and Renovations $879,300".

(4) Adding a new project entitled "Biotechnology Teaching Labs and Classroom Building $1,730,382".

✳ **SECTION 9.13.(e)** 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 Western Carolina University by the cancellation of "Killian Education & Allied Professional Bldg.-Partial Renovation" and "Conversion of Old Student Health Center to Residential & Academic Space" and by transferring the unused funds to "Stillwell Lab Bldg.-Comprehensive Renovation". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under Western Carolina University by:

(1) Reducing the allocation to "Killian Education & Allied Professional Bldg.-Partial Renovation" by one million two hundred ninety-seven thousand nine hundred twenty-four dollars ($1,297,924) to a total allocation of two hundred forty-eight thousand three hundred seventy-six dollars ($248,376).

(2) Reducing the allocation to "Conversion of Old Student Health Center to Residential & Academic Space" by one million four hundred ninety-six thousand nine hundred forty-five dollars ($1,496,945) to a total allocation of three hundred ninety thousand one hundred fifty-five dollars ($390,155).

(3) Increasing the allocation to "Stillwell Lab Bldg-Comprehensive Renovation" by two million seven hundred ninety-four thousand eight hundred sixty-nine dollars ($2,794,869) to a total allocation of seventeen million eight hundred fifty-two thousand three hundred sixty-nine dollars ($17,852,369).

SECTION 9.13.(f) Nothing in this section is intended to supersede any other requirement of law or policy for approval of the substituted capital improvement projects.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-UNC-H39

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives Jeffus, Tolson, Yongue

CENTER FOR CRAFT, CREATIVITY, AND DESIGN

SECTION #. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the Center for Craft, Creativity and Design at the University of North Carolina at Asheville the sum of two hundred thousand dollars ($200,000) in recurring funds for the 2005-2006 fiscal year shall be held in reserve for the Center for Craft, Creativity and Design at the University of North Carolina at Asheville. The funds shall be disbursed to the University of North Carolina at Asheville when the Center receives the interest earnings from an endowment for graduate scholarships at the Center.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)
) Rapp
~~Sen.~~)

moves to amend the ~~bill~~ money report on page F2, ~~line~~

( ) WHICH CHANGES THE TITLE

by deleting item #12;

and on page F3, item #23, by deleting the recurring amounts and substituting the following:

"($11,000,000) R ($11,000,000) R ";

and by making corresponding changes to the provisions.

SIGNED Ray Rapp

ADOPTED _____ FAILED _____ TABLED _____

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen) NC Independent Colleges & Universities

House App. Subcmttee Report

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Sen.) Rapp

1 moves to amend the bill on page 58, line 6

2 ( ) WHICH CHANGES THE TITLE

3 by ~~in Ca~~ inserting immediately after

4 "Carolina" / " private colleges) "

5 the term

6

7

8

9

10

11

12

13

14

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17

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19

SIGNED Cary Rapp

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. [redacted] Educ. Special Provisions DATE _____

S. B. No. _____ Amendment No. _____ (to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Parmon
Sen.)

moves to amend the bill on page 95, line by

( ) WHICH CHANGES THE TITLE

by rewriting line 13 to read:

"forty-five percent (45%). By the fall of 2008 the entering freshman class shall be limited to forty percent (40%)"

proportion of nonresident students in

SIGNED Earline N. Parmon

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S622-ALE-26 [v.1]

Date _____,2005

Comm. Sub. [NO]
Amends Title [NO]

Representative Tolson

moves to amend the special provisions report on page 77, by adding after the page the following new provision:

" Requested by: Representative Tolson

PURCHASES FOR THE STUDENT TRANSPORTATION SYSTEM

SECTION #. G.S. 115C-522(a) reads as rewritten:

"(a) It shall be the duty of local boards of education to purchase or exchange all supplies, equipment, and materials, and these purchases shall be made in accordance with Article 8 of Chapter 143 of the General Statutes. These purchases may be made from contracts made by the Department of Administration. Title to instructional supplies, office supplies, fuel and janitorial supplies, enumerated in the current expense fund budget and purchased out of State funds, shall be taken in the name of the local board of education which shall be responsible for the custody and replacement: Provided, that no contracts shall be made by any local school administrative unit for purchases unless provision has been made in the budget of the unit to pay for the purchases, unless surplus funds are on hand to pay for the purchases, or unless the contracts are made pursuant to G.S. 115C-47(28) and G.S. 115C-528 and adequate funds are available to pay in the current fiscal year the sums obligated for the current fiscal year.

Tires for the student transportation system shall be purchased from the statewide term contract. The State Board of Education shall adopt rules regarding equipment standards for other supplies, equipment, and materials related to student ~~transportation. The~~ transportation.

The State Board may adopt guidelines for any commodity that needs safety features. If a commodity that needs safety features is available on statewide term contract, any guidelines adopted by the State Board must at a minimum meet the safety standards of

the statewide term contract. Compliance with Article 8 of Chapter 143 of the General Statutes is not mandatory for the purchase of published books, manuscripts, maps, pamphlets, and periodicals.

(1) Where competition is available, local school administrative units may utilize the:

a. E-Quote service of the NC E-Procurement system as one means of solicitation in seeking informal bids for purchases subject to the bidding requirements of G.S. 143-131; and

b. Division of Purchase and Contract's electronic Interactive Purchasing System as one means of advertising formal bids on purchases subject to the bidding requirements of G.S. 143-129 and applicable rules regarding advertising. This sub-subdivision does not prohibit a local school administrative unit from using other methods of advertising.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S622-ALE-26 [v.1]

(2) In order to provide an efficient transition of purchasing procedures, the Secretary of the Department of Administration and the local school administrative units shall establish a local school administrative unit purchasing user group. The user group shall be comprised of a proportionate number of representatives from the Department of Administration and local school administrative unit purchasing and finance officers. The user group shall examine any issues that may arise between the Department of Administration and local school administrative units, including the new relationship between the Department and the local school administrative units, the appropriate exchange of information, the continued efficient use of E-Procurement, appropriate bid procedures, and any other technical assistance that may be necessary for the purchase of supplies and materials."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Information Request on Recap Tires, 03/24/05

County	Tire	Price	Retread	Vendor	Times Recapped
Alexander County	265/75R	$105	Precured	Clark Tire, Hickory	May be recapped 3, 4, or 5 times depending on the tire
	11R	$114	Precured		
Cleveland County	265/75R	$105	Precured	Clark Tire, Hickory	They recap theirs only 1 time
	11R	$114	Precured		
Caldwell County	265/75R	$105	Precured	Clark Tire, Hickory	No more than two times
	11R	$114.85	Precured		
Davidson County	265/75R	$107.91	Bead to Bead	White's Tire*	They used to recap 2 times...now just once
	11R	$117.40	Bead to Bead		
Lincoln County	265/75R	$100.98	Precured	Clark Tire, Hickory	They may recap 2 times
	11R	$100.98	Precured		
State Contract (White's Tire)*	265/75R	$107.91 (Bead-to Bead)	$65.04 (Precured)		
	11R	$117.40 (Bead-to Bead)	$70.76 (Precured)		

Source: Conversations with Transportation Directors in each of the LEAs above and Ed Whiteof White's Tires

*White's Tire costs include three spot repairs for the tire; other tire prices indicate the price of the tire alone.

APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

June 10, ~~May 24~~, 2005

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Cam Cover	BPMHC
Emily MacNaughton	NCPAPA
~~Katherine~~ Joyce	NCASA
Susan Harrison	WCPSS
Molly Ryan	NCSBA
Leanne Winner	NCSBA
GERRY HANCOCK	LNSC
Todd Silberman	N+O
Bryan Conrad	OSBM
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Richard Lee	Gov
Ann McArthur	Governor's Off.

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Claudia Odom	UNC
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June 10

~~May 24~~, 2005

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Ginger Banks	UNC
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