2006

JOINT APPROPRIATIONS – EDUCATION/HIGHER EDUCATION

COMMITTEE MINUTES

Joint Appropriations Subcommittee on Education
Membership List

House Members:	Legislative Assistant	Phone	Office	Seat
Rep. Becky Carney, Co-Chair	Joyce Langdon, Committee Asst.	3-5827	1221	
Rep. Maggie Jeffus, Co-Chair	Mary Lee Robinson, Committee Asst.	3-5191	2204	6
Rep. Joe P. Tolson, Co-Chair	Shirley Phillips, Committee Asst.	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	Dee Miller, Committee Asst.	3-4599	300-G	25
Sen. A. B. Swindell, Co-Chair	Mo Hudson, Committee Asst.	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

ATTENDANCE

JOINT APPROPRIATIONS/Subcommittee on Education

(Name of Committee)

	May 3, 2006	May 4, 2006													
Rep. Maggie Jeffus, Co-Chair	✓	✓													
Rep. Joe Tolson, Co-Chair	✓	✓													
Rep. Doug Yongue, Co-Chair	✓	✓													
Rep. Linda Johnson, Vice-Chair	✓	✓													
Rep. Jean Preston, Vice-Chair		✓													
Rep. Ray Rapp, Vice-Chair	✓	✓													
Rep. Larry Bell	✓	✓													
Rep. George Cleveland															
Rep. Susan Fisher	✓	✓													
Rep. Mark Hilton															
Rep. Carolyn Justice															
Rep. Mickey Michaux, Jr.															
Rep. Earline Parmon	✓	✓													
Rep. Louis Pate, Jr.	✓	✓													
Rep. John Sauls															
Sen. Jeanne Lucas, Co-Chair	✓	✓													
Sen. A. B. Swindell, Co-Chair	✓	✓													
Sen. Martin Nesbitt, Jr., Vice-Chair															
Sen. John Garwood, RMM															
Sen. Bob Atwater	✓	✓													
Sen. Fletcher Hartsell, Jr.	✓	✓													
Sen. Richard Stevens	✓	✓													

ATTENDANCE

JOINT APPROPRIATIONS/Subcommittee on Education

(Name of Committee)

DATES	May 10	4:00 pm May 15	9:00 a.m. May 16	2:00 p.m. May 16	May 23										
Rep. Becky Carney, Co-Chair	✓	✓	✓	✓	✓										
Rep. Maggie Jeffus, Co-Chair	✓	✓	✓	✓	✓										
Rep. Joe Tolson, Co-Chair	✓	✓	✓	✓											
Rep. Linda Johnson, Vice-Chair		✓	✓	✓											
Rep. Jean Preston, Vice-Chair	✓	✓	✓	✓	✓										
Rep. Ray Rapp, Vice-Chair	✓	✓	✓	✓	✓										
Rep. Larry Bell	✓	✓	✓	✓	✓										
Rep. George Cleveland		✓	✓	✓											
Rep. Susan Fisher	✓	✓	✓	✓	✓										
Rep. Mark Hilton			✓	✓											
Rep. Carolyn Justice	✓				✓										
Rep. Mickey Michaux, Jr.															
Rep. Earline Parmon	✓	✓	✓	✓	✓										
Rep. Louis Pate, Jr.	✓	✓	✓	✓	✓										
Rep. John Sauls	✓				✓										
Sen. Jeanne Lucas, Co-Chair	✓	✓	✓	✓	✓										
Sen. A. B. Swindell, Co-Chair	✓	✓	✓	✓	✓										
Sen. Martin Nesbitt, Vice-Chair					✓										
Sen. John Garwood, RMM	✓	✓	✓	✓	✓										
Sen. Bob Atwater		✓	✓	✓											
Sen. Fletcher Hartsell, Jr.	✓	✓	✓	✓	✓										
Sen. Richard Stevens	✓	✓	✓	✓	✓										

ATTENDANCE

HOUSE APPROPRIATIONS/Subcommittee on Education

(Name of Committee)

DATES	May 25	May 30	May 31	8:30 a.m June 8	3:30 p.m June 8									
Rep. Becky Carney, Co-Chair	✓	✓	✓	✓	✓									
Rep. Maggie Jeffus, Co-Chair	✓	✓	✓	✓	✓									
Rep. Joe Tolson, Co-Chair	✓	✓	✓	✓	✓									
Rep. Linda Johnson, Vice-Chair	✓	✓	✓											
Rep. Jean Preston, Vice-Chair			✓	✓										
Rep. Ray Rapp, Vice-Chair	✓	✓	✓	✓										
Rep. Larry Bell	✓	✓	✓	✓	✓									
Rep. George Cleveland	✓	✓	✓	✓	✓									
Rep. Susan Fisher	✓	✓	✓	✓	✓									
Rep. Mark Hilton	✓	✓	✓	✓										
Rep. Carolyn Justice														
Rep. Mickey Michaux, Jr.					✓									
Rep. Earline Parmon		✓	✓	✓										
Rep. Louis Pate, Jr.	✓	✓	✓	✓	✓									
Rep. John Sauls														

ATTENDANCE

SENATE/HOUSE CONFEREES

DATES	June 20														
Sen. Atwater	✓														
Sen. Garwood	✓														
Sen. Hartsell	✓														
Sen. Lucas	✓														
Sen. Nesbitt	✓														
Sen. Stevens	✓														
Sen. Swindell	✓														
Rep. Bell	✓														
Rep. Carney	✓														
Rep. Fisher	✓														
Rep. Jeffus	✓														
Rep. McLawhorn															
Rep. Parmon	✓														
Rep. Tolson	✓														

Joint Appropriations Subcommittee on Education
Agenda

Wednesday, May 3, 2006, 8:30 a.m.
Room 421, Legislative Office Building

Senator A. B. Swindell, Presiding

I.	**Welcome and Introductions**	Co-Chairs
II.	**Staff Introductions**	Adam Levinson *Fiscal Research Division*
III.	**Presentations:**	Howard Lee, Chairman *State Board of Education*
		June Atkinson, Superintendent *Dept. of Public Instruction*
		Martin Lancaster, President *NC Community College System*
		Erskine Bowles, President *NC University System*
IV.	**Adjournment**	

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Wednesday, May 03, 2006, 9:00 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 9:00 a.m. Five members of the Senate were present and the following Representatives: Jeffus; Tolson; Yongue; Rapp; Bell; Fisher; Parmon and Pate. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached (Attachment 1) and made a part of these minutes.

The chair called the meeting to order at 9:05 a.m. and welcomed members and guests to the meeting. He proceeded with the agenda by recognizing Howard Lee, Chairman of the State Board of Education. Chairman Lee introduced members of his State Board, who were present at the meeting to support the budget request of the Department. Chairman Lee gave a brief overview of the Department's priorities, stating an emphasis would be placed on 21st Century learning, supporting virtual schools activities, and a higher emphasis on technology and distance learning. The chair thanked him at the conclusion of his remarks.

The chair recognized June Atkinson, State Superintendent of Public Schools, to present the Public Schools' Expansion Budget request (Attachment 2). Following Superintendent Atkinson's presentation, questions were raised and answered.

The chair next recognized President Martin Lancaster, North Carolina Community College System, to present the Expansion Budget request from the Community College System (Attachment 3) Following the presentation, questions were raised and answered.

The chair recognized Erskine Bowles, President of the North Carolina University System to present the Expansion Budget request from the North Carolina University System (Attachment 4). President Bowles also presented the University System's 2006 Non-Budget Legislative Agenda for consideration (Attachment 5). Following the presentations, questions were raised and answered.

There being no further business to come before the Subcommittee, the chair adjourned the meeting at 10:30 a.m.

Respectfully submitted,

Sen. A. B. Swindell, Co-Chair

ATTEST:

Mo Hudson, Committee Clerk

PUBLIC SCHOOLS OF NORTH CAROLINA
STATE BOARD OF EDUCATION Howard N. Lee, *Chairman*
DEPARTMENT OF PUBLIC INSTRUCTION June St. Clair Atkinson, Ed.D., *State Superintendent*
WWW.NCPUBLICSCHOOLS.ORG

March 14, 2006

The Honorable Michael F. Easley
Governor, State of North Carolina
Office of the Governor
116 West Jones Street
Raleigh, North Carolina 27603-8001

Dear Governor Easley:

The State Board of Education appreciates your continued support and commitment to public schools in North Carolina. Your leadership has enabled us to strengthen efforts to meet the needs of our most vulnerable students, to focus intently on high school reform and to continue building on success for superior schools in our state.

Over the past few months, we have queried local school superintendents, principals, teachers, education associations and Department of Public Instruction staff to determine the most pressing needs for public schools at this time. We believed that surveying our education partners was an important step to ensure that our supplemental budget request accurately reflects the most pressing needs in the field.

We know that you share our concerns regarding education as a catalyst for economic health in our state. The demands of the 21st century global economy dictate that North Carolina public schools and our partners must offer a learning experience for young people which is rigorous and relevant to the economic realities these young people will face as adults. In that light, our 2006 supplemental budget request focuses on strategies to improve learning for our most vulnerable students, on improving and extending rigorous academic standards and on ensuring that our local school system's and the Department of Public Instruction's infrastructure is sound so that we can fully support these initiatives.

We would also like to emphasize that every item is important to assure we continue the progress we have realized under your leadership. The attached list of Supplemental Items is aligned to your top priorities. For example:

- We must do more to recruit and retain strong classroom leadership for our students. Your goal to substantially increase our teachers' pay is the most important budget priority for the next several years. In addition, the State Board would like to place full-time mentors with our classroom teachers to help them prepare and be successful in the classroom. We have to make sure our teachers have planning time and more opportunities to work on their skills and knowledge.
- We must address the capacity of our school districts and charter schools to address the ever increasing needs of our student population. Eliminating the recurring discretionary reduction will allow our schools to utilize all their appropriated resources to meet the

needs of their students. We also support your efforts to increase the capacity of low wealth school districts and the State Board would like to expand that effort to assure that all our low wealth districts have the connectivity necessary to meet the technology needs of their students. Your continued efforts to add more school nurses promotes both school and student health. As you know, the State Board supports your continued efforts to place more nurses in our schools.

- We must expand our services to our increasing student population with limited English proficiency. This population is growing and continues to place more requirements on our schools' limited resources.
- We also cannot forget our students that are on the outer fringes of our student population, those that are at-risk of failure and those that are demonstrating academically gifted skills. Our request addresses the needs of all our students.
- As we look to our future needs, we must continue to support your vision for our new high schools. This effort is necessary to improve our high school graduation rates and the preparedness of our students for the future. We also must move forward with our Virtual School to make sure every student has access to the courses needed to be successful.
- We cannot forget that our schools will need to use technology as a tool to expand and focus services to our students. We must continue to recognize that this tool comes with a cost and that we need to continue to look for ways to add funding for technology.

Although the State Board has selected its top priorities, the complete list represents the real Supplemental Budget needs of our public schools. The priorities should not be considered the State Board's complete listing of funding requirements; it only reflects a funding priority if resources are limited. In addition to the items in this request, it is imperative that funding of the ABCs Incentive Awards be continued to recognize teachers for their work to improve all students' performance. In fact, as mentioned previously, the State Board strongly supports your efforts to increase the pay of all teachers, school principals and other public school employees.

On behalf of the State Board of Education members and the Department of Public Instruction, we respectfully request your consideration of these items. We would appreciate your inclusion of these funding priorities in your FY 2006 supplemental budget.

Sincerely,

Howard N. Lee

June St. Clair Atkinson

HNL/JSA/vwj
Attachment

Public Schools of North Carolina

North Carolina Department of Public Instruction

2006-2007 Supplemental Budget Requests

	Request Description	Requested Positions	Amount	
	STATE PUBLIC SCHOOL FUND			
1	Remove Discretionary Reduction		44,291,248	R
2	Disadvantaged Student Supplemental Funding		22,500,000	R
3	Planning Time for Teachers		45,137,692	R
4	Full Time Mentors		34,653,974	R
5	High School Reform		11,049,348	R
6	High School Reform (20 Learn & Earn school planning grants)		800,000	NR
7	Academically or Intellectually Gifted		5,708,521	R
8	Limited English Proficiency		5,194,928	R
9	Virtual Schools		5,000,000	R
10	Reading Coaches for At Risk High Schools & Middle Schools		4,077,604	R
11	School Connectivity for Low-Wealth LEAs		3,000,000	NR
12	Increase in Professional Development Funds		1,227,977	R
13	5 Weeks of Courses/Training for Lateral Entry Teachers		9,000,000	R
14	Senior/Graduation Project Training		500,000	R
	AGENCY REQUEST			
15	State Board of Education Operating Support		50,000	R
16	Governor's School Increased Funding		576,655	R
17	Staff and Operating Support for Office of Charter Schools	2	161,127	R
18	Office of Charter School Annual Conference & Educational Grants		148,873	R
19	Director of High School Turnaround Team	1	122,350	R
20	Legacy System Migration and Updating		1,613,000	R
21	Distance Learning Purchase or Course Creation		828,151	R
22	IT Storage Area Network		400,000	NR
23	IT Network Intrusion Detection Security Software	1	383,000	R
24	Netview Tool Replacement		375,850	NR
25	DPI's Technical Infrastructure Upgraded		248,000	NR
26	NC WiseOwl		200,000	R
27	IT Security Program Manager & Analyst	2	179,000	R
28	IT Business Continuity Planning Analyst	1	85,000	R
29	Middle & High School Guidance Consultant	1	80,000	R
30	Purchasing and Contract Support	1	74,598	R

2006-2007 Supplemental Budget Requests

	Request Description	Requested Positions	Amount	
	Other Important Initiatives that require additional funding			
	State Public School Fund			
1	Children with Disabilities & Behavioral Support (move funding toward 230%)		7,571,915	R
2	Occupational Course of Study (additional options for exceptional children)		6,000,695	R
3	Preschool Children with Disabilities		5,000,000	R
4	Technology Facilitator and 1Technician per 2,500 Students		52,858,625	R
5	Guidance Counselors for High Schools		13,437,039	R
6	Classroom Materials and Textbooks (5% increase in funding factor)		7,940,078	R
7	Distance Learning in Chinese		1,000,000	NR
8	Full-time Initial Licensure Program Coordinator		5,175,000	R
9	Increase Master's Pay to 12%		27,700,000	R
10	Free Tuition for Teachers to Obtain Master's Degree or Advanced Degrees		9,000,000	R
11	$2,000 Stipend for Student Teachers		6,600,000	R
12	Pay or Release Time for Teachers in Leadership Positions			R
13	Worker's Compensation Administration by DPI	12	1,783,298	NR
14	Parent Coordinator at 25 DSSF LEAs		1,400,000	R
	Agency			
15	Liaison for Physical Activity	1	80,000	R
16	Family/Community Outreach Coordinator & Program Specialist to Staff This Priority	2	250,000	R
17	Provide School Level Training for Teachers on Advanced Technologies	7	480,892	R
18	IT Liaison	1	89,707	R
	Total Request (5% of 1/31/06 authorized budget)	***32***	***$ 344,034,145***	

R=Recurring = $336,426,997
NR=Non-Recurring = $7,607,148

Prepared by: Financial Services Div

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc. On Education/Higher Education — May 3, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
James Smith	UNC General Admin
Ginger Banks	UNC General Admin
Ross Wilson	UNC GA
Erskine Bowles	UNC GA
Mark Fleming	Erskine's man at Legislature
John Rode	Marks man at Legislature
Suzanne Williams	UNC
Wesley Cates	Speaker's Office
Cris Rank	NCAE
Linda Gunter	NCAE
Carolyn McKinney	NCAE

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc. On Education/Higher Education — May 3, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dutchess Mayze	NC Teacher Academy
Shanna Bosse	Pope Center
Terry Stoops	John Locke Foundation
Joseph Coletti	John Locke Foundation
Jim Stegall	Union County Public Schools
Betsy Neas	Staff, NC State Board of Education
Ann McArthur	Gov's Office
Hal Miller	NCAECT
Kathy Auger	Charlotte - Mecklenburg Schools
Judy Catchcole	Wyoming CCSSO
Mary Donnay	VIF Program

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc. On Education/Higher Education — May 3, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Karen Gaare	National Board for Prof. Teaching Standards
Erin Schmidtpeter	UNC - GA
Ken Bays	NCCCS
Martin Lancaster	NCCCS
Sandra Griffin	NC Teacher Academy
Michael L Hickman	NC Teacher Academy
Molly Ryan	NCSBA
Evelyn Hawkins	CISNC

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc. On Education/Higher Education — May 3, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Emily MacNaughton	NCPAPE
[illegible] Joyce	NCPSE
[illegible]	NCAE
Melissa Ellis Bartlett	SBE
Sara McClure	SBE
Shirley Harris	SBE
[illegible]	SBE
[illegible]	SBE
[illegible]	SBE
[illegible]	SBE
[illegible]	WCPSS

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc. On Education/Higher Education — May 3, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tom Learner	NCSBM
LAURENE MADERA	Johnston County Schools
Susan Harris	Public School Forum of NC
Ira Jane Beagle	[illegible]
Jason Bennett	Civitas Institute
Robin Diehl	LOMERY
Barbara Roper	Lobbyist

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

State Board of Community Colleges

Office of the President
Division of Business and Finance

"2006-2007 Consensus Budget Request"

February 2006

TABLE OF CONTENTS

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INTRODUCTION

THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

The Changing Nature of North Carolina and its Workforce:

The Community College System's Role in (Re)Educating the Workforce
&
The Associated Costs to the State Thereof

Introduction

The State of North Carolina is changing from demographic, regional, economic and technology perspectives. From the staggering recession in the early part of the new millennium, to the recovery in the 2004-06 period, to the uncertainties of the remainder of the decade, there is no question that the face of the State has, is and will continue to change. North Carolina was caught off guard by national economic movements that, in many ways, sent us scrambling to respond, and forced us to think strategically about where we are going. The State lost much, if not most, of its traditional employment base; witnessed a large influx of non-native peoples; wrestled with its native population, many of whom were ill-equipped academically or financially for new opportunities; and tried frantically to remake itself with new incentives and technologies that would not only stabilize, but re-grow its economy. The sum of these changes has meant that the nature of work in North Carolina is in flux. The two questions to be addressed are what is the role of the North Carolina Community College System (System) in this state of change, and what will it cost to appropriately fund the System as it moves to fulfill that role.

Demographic Change

Aside from the rapid demise of manufacturing in the early part of the decade, perhaps the next greatest change North Carolina has been the changing face of the state. From 1995 until 2005, North Carolina has ranked among the top three states nationally in the rate of increase of foreign-born people (Mexico, Latin America and Asia) and net domestic migration. In-migration accounted for 71 percent of our population growth, most notably from more populous states in the north-east, mid-west and California. In the first half of the decade, North Carolina's population growth was the sixth largest in the nation, and projections indicate that the state's population will increase to twelve million people by 2030. This in-migration has put a substantial burden upon the state's educational institutions. From the public schools to community colleges to the University, each educational system has experienced unprecedented enrollment growth, and each has stretched to accommodate that growth. While growth is good, it has brought with it some "student service" issues that must be dealt with.[1] It has also placed the responsibility for teaching English as a second language, for accommodating those with special needs, and for maintaining the "open door" squarely at the feet of the North Carolina Community College System.

[1] Adams, Betty. "NCCCS Strategic Plan 2007-09 – Planning Assumptions". Edited 11/08/05.

The state has also changed demographically in another significant way – the population is aging. Both the aging of the baby-boomers and the in-migration of retirees has added demands to the state in two important ways. The most obvious demand is upon the state's public and private health care systems. As more and better health care is sought by consumers, especially the rapidly growing population 65 and older, the demand for health care professionals is at an all-time high. A less obvious demand placed upon the state by an aging population is the request for lifelong learning opportunities. Whether people retire from one occupation and seek to start another, seek to sharpen their skill sets to remain in the marketplace longer, or take self-improvement or personal interest classes, the importance of lifelong learning takes on new meaning.

Regional Change

As the state has changed demographically, it has also changed regionally. The growth in Piedmont corridor, from Raleigh to Charlotte, and around these urban areas, and the relative population shift away from the northeastern and inland coastal counties, has highlighted the educational system burdens and health care demands noted earlier. Younger North Carolinians are more likely to be located in metropolitan areas and around military bases, and older North Carolinians are more likely to be located in the western mountains and several coastal counties. Unfortunately, the supply of qualified teachers, higher education faculty, and allied health personnel is neither sufficient nor appropriately distributed across the state.[2]

Another important regional change is the growth in the travel and hospitality industries within the state. An increasing and diverse population seeks access to more recreational, leisure, entertainment and social activities. These activities are found not only in urban areas, but also in coastal, mountain, and golfing locations. As such, substantial service economies within the hospitality industry are growing in rural locations. There is a sort of "regional imbalance" that must continue to be addressed.

Economic Change

Whether the result of a decline in manufacturing precipitated by foreign trade agreements, movement from a "farm/factory" to "knowledge-based" economy, huge fluctuations in the information technology sector, corporate mergers or other factors, the economy in North Carolina has, is and will continue to undergo change.[3] Unquestionably, the nature of work within the state is changing. And as the nature of work changes, for whatever reason, workers must be prepared to change as well to remain valuable within the marketplace.

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[2] Ibid.
[3] Ibid.

In a thirty-year period (1970 – 2005), manufacturing in the state declined from 30 percent of employment to 17 percent. Mill and plant closings resulted in a displaced population with few or no technical skills. In fact, among those laid off from 1999-2001, 20 percent were equipped with no high school diploma, and another 59% had only a high school diploma[4]. Unfortunately, the skills that workers in rural areas had in manufacturing did not transfer easily, if at all, to the new knowledge-based economy that is emerging within the state. Rural communities, heavily dependent upon either manufacturing or farming, suffered disproportionately to their more economically diverse urban neighbors. Unemployment rates skyrocketed in rural areas, while in fact, the counties of Mecklenburg and Wake experienced 74 percent of total job growth from 1997 – 2004.

What is the current status of manufacturing within the state? According to the Employment Security Commission (ESC)[5], for the twelve month period November 2004 – November 2005, manufacturing declined by 12.2 percent. Textile mills, apparel and chemical manufacturing lead in job losses in manufacturing.

Given the continuing decline in manufacturing, does that necessarily mean that there are no new jobs being created within the state? No. Again, according to the ESC[6], there are recent strong gains in the following employment sectors

- Professional and Business Services +15.5%
- Educational and Health Services +13.5%
- Construction + 7.9%
- Leisure and Hospitality Services + 7.6%

Where will the jobs be in the next three to five to ten years? The economic and employment forecast for North Carolina suggests that in the next five years, approximately 750,000 jobs will be added to the state. Consistent with the recent job gains, there will continue to be job growth in education, allied health, services occupations, and management and finance. According to the ESC's[7] projections through 2012, the fastest growing occupations for the past and next six years include:

Occupation	Total Growth Openings	Total Percentage Change
Registered Nurses	23,100	33.42
Cashiers	22,040	20.06
Retail Salespersons	21,600	19.42
Waiters and Waitresses	17,290	29.48
Combined Food Preparation and Serving Workers, Inc	16,620	24.11

[4] Pappas Consulting Group. "Interim Report of Preliminary Findings for House Bill 1264: Staying a Step Ahead: Higher Education Transforming North Carolina's Economy." December 1, 2005.
[5] Employment Security Commission/Labor Market Industry Division. "North Carolina Labor Market Conditions." November, 2005
[6] Ibid.
[7] Employment Security Commission. "North Carolina Occupational Trends – Fastest Growing Occupations by Job Growth." Employment Outlook 2002-2012. 2005

Nursing Aides, Orderlies, and Attendants	14,640	29.21
Truck Drivers, Heavy and Tractor-trailer	14,220	24.27
Customer Service Representatives	13,980	26.03
General and Operations Managers	13,040	20.63
Janitors and Cleaners, Except Maids and Housekeep	12,310	23.80
First-line Supervis./Managers Of Retail Sales Work	10,780	19.75
Home Health Aides	10,170	45.10
Office Clerks, General	9,030	12.43
Sales Representatives, Wholesale and Manufacturing	8,430	19.76
Landscaping and Groundskeeping Workers	8,250	28.73
Teacher Assistants	8,050	22.29
Truck Drivers, Light Or Delivery Services	7,960	28.32
Receptionists and Information Clerks	7,520	31.00
Maintenance and Repair Workers, General	7,470	16.29
Security Guards	6,860	31.72
Maids and Housekeeping Cleaners	6,780	18.40
Construction Laborers	6,510	23.33
Carpenters	6,500	19.12
Food Preparation Workers	6,060	22.95
Executive Secretaries & Administrative Assistants	5,990	11.60

While there continue to be job losses in manufacturing, job gains in professional, business, educational and health services by dislocated workers is not possible without higher education. It becomes a matter of re-training for employment in growth industries. Because of previously low educational attainment levels and few or no financial resources, former workers who are now students must go through testing, remediation, counseling and financial aid activities in order to avail themselves of high-growth employment opportunities. For those who are not in highly technical occupations, employers still want to see either certifications or competencies that demonstrate the mastery of skills, and the ability to think critically, solve problems, work in groups, and communicate. This places an even greater demand upon higher education – to move people from low skills and low expectations to new skills and newfound economic opportunity.

Technology Changes

Technology changes encompass many things within the state. They include issues of increased consumer connectivity and e-commerce, new instructional and learning technologies, emerging occupations with higher levels of education and training, scientific/medical advances, and myriad other activities. Among these technical changes is the emergence of Bio-technology, including agricultural/food, pharmaceutical, and the packaging of products.

North Carolina has elected to be a leader in these rapidly changing technologies. The state recognizes that production workers, educators, allied health professionals, technicians, and service economy employees alike must be adept at understanding and using "technology" in marketplace, classroom, clinical, and business settings. To do so requires learning opportunities that insures that faculty, staff and students have the competencies to teach, learn and use modern technology.[8]

The Role of Community Colleges in (Re)Educating the Workforce

For over forty years, the North Carolina Community College System (NCCCS) has been a flexible, responsive higher education institution that has been able to both educate and re-educate the workforce of North Carolina. From the farm to the factory to a knowledge-based economy, the NCCCS has been both nimble and efficient in responding to the challenge of education and training, and in meeting people wherever they were, academically, fiscally or physically. It is therefore fitting that the NCCCS should define its role in the changes that the State is currently undergoing, and be the leader it has been called upon in the past to be in that role.

As the result of a "Strategic Planning Process" that envisioned where the NCCCS can and should be through 2009, the NCCCS can identify the role that it should play within the changing dynamics of the State. It is also true that consistent with the General Statutes[9], the NCCCS continually evaluates itself to ensure appropriate program offerings quality in meeting the needs of the both the student and industry.

Toward that end, the NCCCS recognizes that it must:

- continually identify occupations for which there is both high demand and short supply, especially in the areas of allied health, teacher preparation, skilled trades, hospitality and the service economy
- supply displaced workers, matriculating students, non-native and underserved populations, and the financially needy with the instructional, support and financial resources that they need to get into or back into the marketplace as quickly as possible
- provide as much access to education and training, through multiple locations and distance learning technologies, as students demand
- teach and train on industry-standard equipment that employees will use in the marketplace
- support and make available a faculty and staff that is well credentialed, technically competent, and sufficiently compensated to provide high quality instruction and appropriate academic and student service support
- act quickly to incorporate new technology and emerging occupations into the classroom, and provide competencies and certifications through non-credit instruction
- obtain the resources necessary to carry out the mission of economic and workforce development, and to allocate those resources equitably

[8] Adams, Betty. "NCCCS Strategic Plan 2007-09 – Planning Assumptions". Edited 11/08/05.
[9] General Statute 115D-5, -31

While the roles that the NCCCS can and should play are multiple, the System prides itself on doing "so much for so many." The multiple roles include moving any North Carolinian from illiteracy to the classroom to the marketplace, no matter the point of entry, no matter where they start, no matter their ability to pay.

The Associated Costs to the State

While it has historically been said that the "NCCCS has done so much for so many for so long, that people believe that it can do almost anything with nothing", more recently that has not been true. While the state was mired in the recession of 2000-2003, both the Governor and General Assembly recognized the role that the NCCCS was playing in response to high unemployment and dislocated workers, and as such spared the System from deep, permanent budget reductions. The System responded by stretching already thin per capita funding to the limit by enrolling unprecedented numbers of students. In fact, from 1999-2000 through 2004-05, the NCCCS grew by 44,327 full-time equivalent (FTE) students. Fortunately, that growth has slowed somewhat.

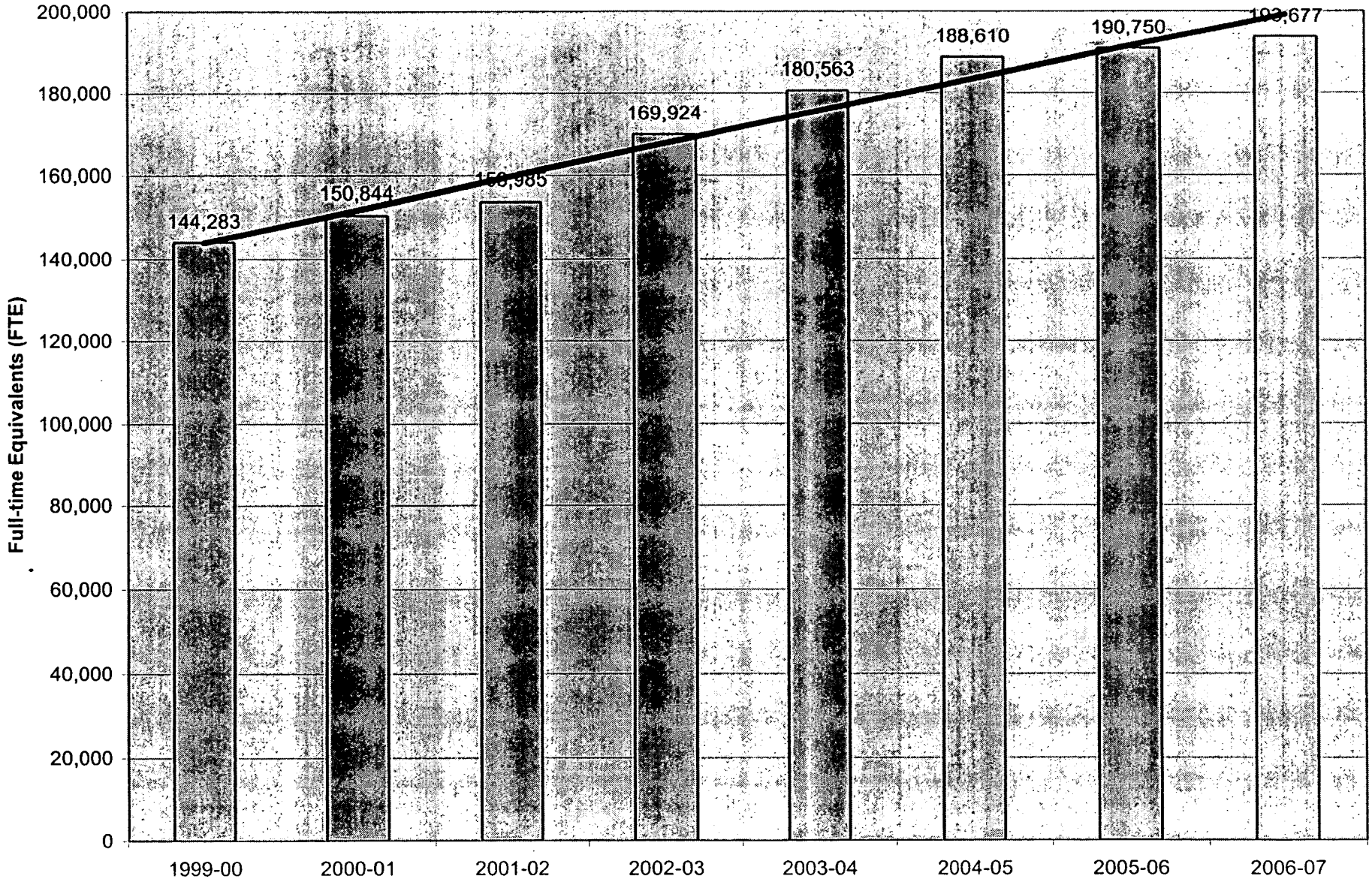
Both the 2004 and 2005 recommendations by the Governor and appropriations by the General Assembly have been much needed and greatly appreciated by the NCCCS. As the state has been slowly emerging from the recession, both the Governor and General Assembly have provided financial support for **presidents, faculty and professional staff compensation, economic development programs, financial aid** and **equipment.** In addition, an **enrollment reserve** was established, and **emerging partnerships with the University of North Carolina** have been established. While these needs have not been fully funded, they have been recognized as such.

What has gone unfunded, however, are important resources for **academic and student services, distance education, allied health programs** and **uncollectible tuition receipts.** In addition, the System has witnessed an expanding accrued liability in **bonus leave days** approved by the General Assembly.

It is recognized that the state's economy is improving, and perhaps for the first time since the recession of 2000 new state resources may be available to the NCCCS to address some pressing needs that could not heretofore be met. As such, what follows is a short list of the System's and System Office's most immediate needs, both recurring and non-recurring. The entire community college family joins together in advocating that list, in the form of the "2006 Consensus Budget Request", and respectfully requests the support of both the Governor and General Assembly in helping meet the System's needs.

THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Total Budgeted Enrollment Growth From 1999/2000 To 2006/07



SUMMARY OF BUDGET REQUEST

The North Carolina Community College System
The 2006-07 Consensus Budget Request

	Item Cost	2006-07 Request
Access and Affordability		$ 31,052,224
Enrollment Growth Reserve	$5,988,402	
Regular Term Enrollment Growth	$9,181,047	
Enrollment Growth - Multiple College Locations	$601,171	
Tuition Receipt Adjustment	$13,500,000	
Financial Aid	$1,781,604	
The Costs of Compensation		$ 35,477,474
Faculty and Professional Staff	$28,722,094	
Revamping the President's Salary Schedule	$522,196	
Bonus Leave Days	$2,449,967	
Restoring College Benefit Reductions	$2,394,665	
The System Office	$1,388,552	
Student Services and Support		$ 16,785,336
Financial Aid Staffing	$7,018,476	
Students with Disabilities	$3,000,000	
Student Services Staffing	$6,766,860	
Economic and Workforce Development		$ 33,337,700
Allied Health Program Funding	$28,943,969	
BioTechnology	$4,240,261	
Regional Customized Training Specialist	$153,470	
Technology Enhancements		$28,820,560
Distance Learning	$11,820,560	
Equipment Funding	$17,000,000	
The System Office		$ 485,509
GED Office & Equipment Replacement		
Non-Recurring Items		
Bonus Leave Days	$24,294,135	
Equipment	$31,319,732	
Distance Learning Infrastructure	$2,283,180	
Advance Planning for New Facilities	$29,000,000	
New Program Start-Up Funds	$10,000,000	

ACCESS AND AFFORDABILITY

ACCESS AND AFFORDABILITY

Enrollment Growth Reserve
Regular Term Enrollment Growth
Enrollment Growth at Multiple Locations
Tuition Receipt Adjustments
Financial Aid

For over forty years, the North Carolina Community College System has attempted to accommodate every adult learner who was desirous of getting a basic education; obtaining a certificate, diploma or associates degree; or was in need of enhancing their skills through continuing education. This accommodation has included access at locations convenient to adults working full- or part-time; displaced or dislocated workers; students at high schools, at multi-campuses or centers, on the floor of manufacturing facilities; or at any place in a community where people wanted economic opportunity through education. The accommodation has also included a willingness to keep tuition and fees either free or as low as possible for working adults or first generation college students, and to provide financial aid to the fullest extent possible for those unable to pay. Finally, the accommodation by the NCCCS colleges has been continued through both times of economic prosperity, and times of deep recession and high unemployment. In summation, the NCCCS has been the proud deliverer of education and training, anytime and anywhere, at a low cost to students, providing financial support to those who could not afford it.

Fortunately, over the past forty years, governors and General Assemblies alike have recognized the willingness of the NCCCS to accommodate both the state's adult population, and an ever increasing number of students who have not yet or never graduated from high school, by fully funding enrollment growth. Unfortunately, however, regular term enrollment growth funding is no longer sufficient to continue the NCCCS's history of accommodation. There are other pressures, and consequently financial needs and adjustments, that result in a diminishing capacity to accommodate all ages and walks of students who show up at community college doors. While the regular term enrollment has continued to level off to a more normal two-percent overall growth rate, the patterns of growth by specific location are uneven across the state.

In response to this uneven pattern of enrollment growth, particularly "spikes" in growth due to large numbers of plant closings and layoffs, the 2004 Session of the General Assembly[1] directed the State Board of Community Colleges to consider funding modifications that would *"insure that colleges have sufficient funds to adequately serve students when enrollment increases."* Currently community colleges are funded for enrollment growth one-year in arrears. The State Board employed a consultant to study this issue, and it was determined that an **enrollment growth reserve** was the best funding mechanism for managing extraordinarily large, unbudgeted, increases. The initial reserve was funded at $2.0 million by the 2005 Session of the General Assembly. These funds were quickly exhausted in fiscal year 2005-06.

[1] Section 8.3 of Session Laws 2004-124

For the six-year period 1999-2000 through 2005-06, **regular term growth** swelled from 144,283 full-time equivalents (FTE) to 190,750, an increase of 46,467 FTE (32.2%).[2] Over this period of time, the General Assembly invested $147.4 million new dollars just to accommodate new students. During this same period, the General Assembly also began investing ($11.2 million) in multiple education service locations, including **multi-campus colleges and off-campus centers** to accommodate students anyplace that they sought educational opportunities. These funds were used[3] to provide personnel services, supplies and materials and equipment at these locations. Enrollment continues to grow at State-Board approved locations other than the main campus.

Given the difficult economic times that the state experienced during this period, two very difficult outcomes resulted. First, the General Assembly was forced to **significantly increase tuition,** and, because of expensive enrollment increases, there were few appropriated dollars available to enhance student support services. New funds were not available for those with special needs, or to target high growth occupations, such as allied health, education and business services. With respect to tuition increases, since the 1999-2000 fiscal year tuition has been increased by $515 (68.7 percent), an average increase of $86 per year for resident students. Because the General Statutes are fairly liberal with respect to tuition and fee waivers granted to particular groups of students,[4] as tuition has increased, so has the amount of tuition that has been waived. In fact, tuition waivers have increased to as much as $38 million per year. In addition, during the difficult economic times of the early part of this decade, the General Assembly elected on three occasions to permanently write up budgeted tuition receipts by $9.34 million[5] on the strength of unprecedented enrollment growth. This action, coupled with tuition rate increases and mounting tuition waivers, has had the cumulative effect of tuition collections falling short of the budgeted amount by approximately $13.5 million. This results in self-imposed reversions in order to balance the budget. Therefore, a **tuition receipts adjustment** is critical, writing out unrealized receipts and replacing it with appropriations.[6]

For the benefit of students, the General Assembly fortunately has provided increases in **financial aid** as it simultaneously increased tuition. This has been accomplished by appropriating from the Escheats Fund over a multi-year period. From 1999 to 2006, funds available to the Community College Grant Program have increased from $5.0 million to $13.2 million per year. For fiscal year 2004-05, over 12,250 students participated in the CC Grant Program Financial Aid funding has become critical to the success of many students who enroll. In fact, in fiscal year 2003-04, 184,679 (of 274,529) students (67.3%) received a grant or scholarship to attend community colleges, totaling $217.4 million. In addition, another 8,400 students obtained educational loans totaling $17.6 million.[7]

It is anticipated that the North Carolina Education Lottery will generate additional funds for financial aid for community college students.

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[2] NCCCS Data Warehouse

[3] Division of Business and Finance. "Report on the Adequacy of Multi-Campus Colleges and Off-Campus Center Funds" October 21, 2005.

[4] General Statute 115D-5

[5] Joint Conference Committee Reports (June 30, 2000; September 18,2002; and, July 17, 2004), increased budgeted tuition receipts by $2.8 m, $3.3 m, and $3.2 m. respectively, on a permanent basis.

[6] Section 6.4 of Session Laws 2005-276 amends the Executive Budget Act (GS143-11) requiring receipt adjustments to their actual levels.

[7] NCCCS. "A Matter of Facts". 2005. pp. 76-81.

Budget Requirements for 2006-07

A. Enrollment Growth Reserve:

Funds are requested to replenish the "Enrollment Growth Reserve" that was established by the 2005 Session of the General Assembly.[8] The consultant recommended a non-reverting appropriation of $11.0 million.[9] The 2005 Session appropriated $2.0 million, but approximately $6 million was needed for allocation. ***Therefore, a request is made for $5,988,402 million in non-reverting funds is made to replenish the reserve.*** In addition, the consultant recommended colleges be funded for growth above 3.2%. The 2005 Session established the eligibility target at 5%. ***Therefore, it is further requested that the target for eligibility be lowered to 3.2%, which would require an additional appropriation of $5,011,598.***

B. Regular Term Enrollment Growth:

Funds are requested to provide Regular Term Enrollment Growth. Based upon fall 2005 census data, it is estimated that Curriculum enrollment will grow by 1,803 FTE (1.2%); Occupational Continuing Education by 1,083 FTE (4.8%); and Basic Skills by 41 FTE (.2%). Total enrollment growth therefore is projected to be 2,927 FTE. ***Therefore, a request is made for $9,181,047 Regular Term Enrollment Growth.***

C. Enrollment Growth At Multiple Locations:

Funds are requested to provide for sufficient enrollment growth at Multi-campus Colleges and Off-campus Center locations. These locations have not been sufficiently funded, at the appropriate values, for enrollment growth. The special allotment formula that was adopted by the State Board provides supplemental funding for these locations for student support services. ***Therefore, a request is made for $601,171 for Enrollment Growth at Multiple Campus locations.***

D. Tuition Receipt Adjustments:

Funds are requested, consistent with General Statute 143-11, to write out of the NCCCS budget, uncollectible, budgeted receipts. This action will enable colleges to retain and expend the full appropriations made by the General Assembly, and avoid self-imposed reversions. ***Therefore, $13.5 million in appropriations is requested to adjust budgeted receipts to more realistic levels.***

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[8] "Conference Report on the Continuation, Capital and Expansion Budget." Page F-23; Item #161.

[9] Hockaday, Hunter and Associates. "NCCCS Funding Formula Study." January 15, 2005. p.16.

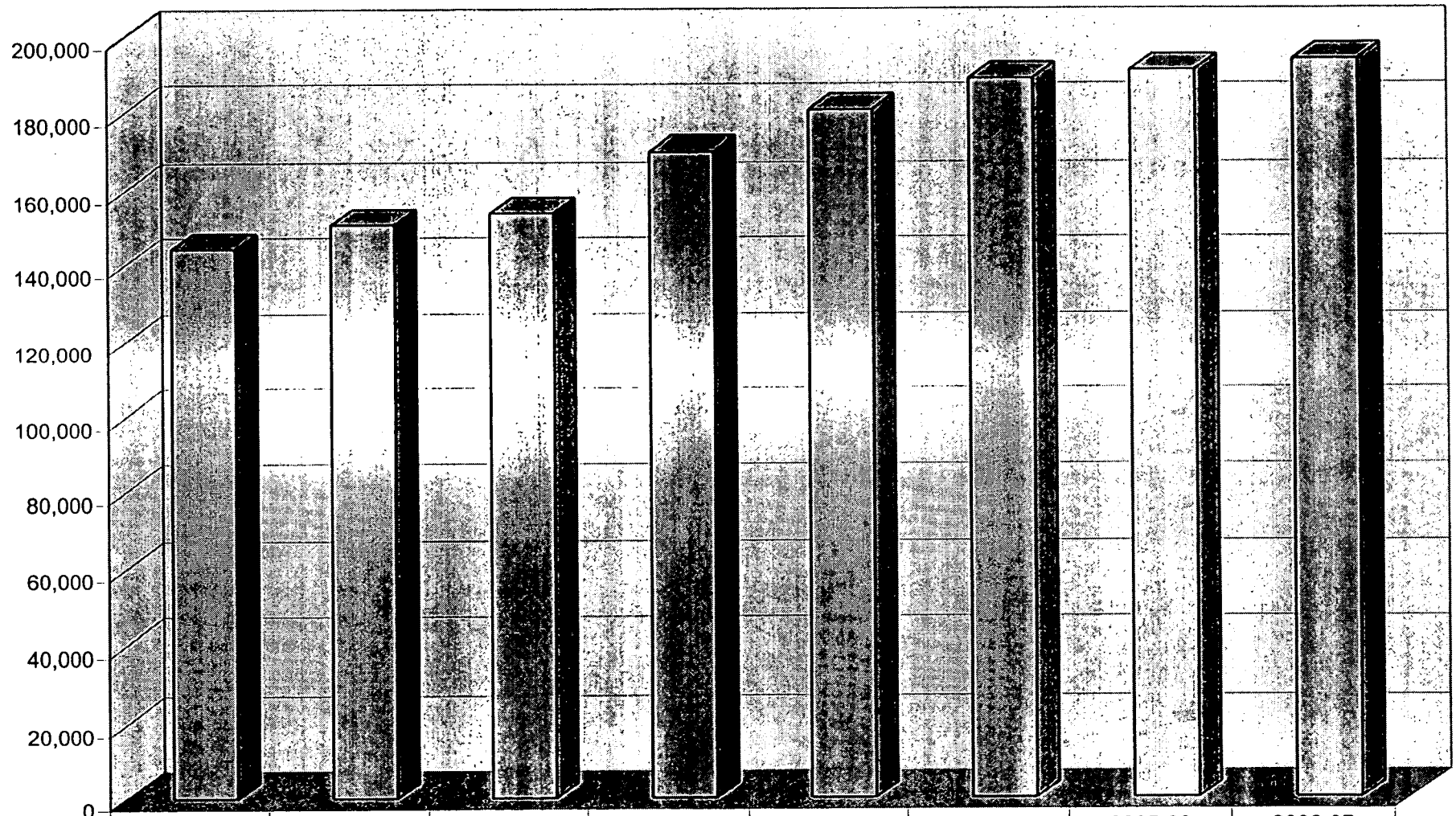
E. Financial Aid:

Funds are requested to increase the minimum from $2,500 to $3,500 to all Pell-eligible students under the Community College Grant program. This would have the effect of increasing the number of students who were not eligible for the Pell Grant Program as well. ***Therefore, $1,781,604 is requested to expand the Community College Grant Program.***

It is further requested that if funds are made available from the North Carolina Education Lottery in 2006-07, that they be used to fund the Community College Trust Fund Program ($1.45 million) and to provide scholarship funds in high demand occupations (allied health, education).

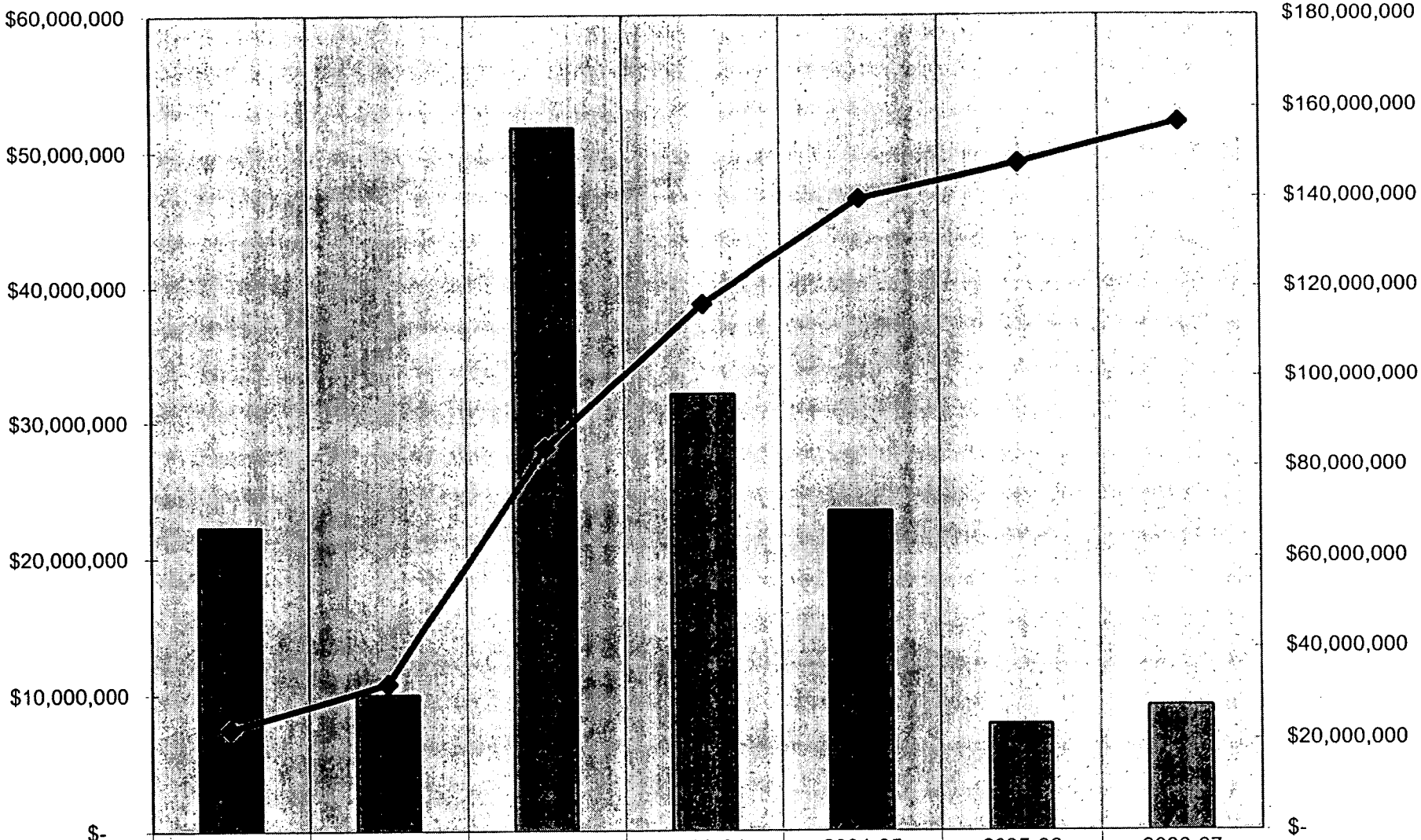
Total Budgeted Enrollment Growth: 1999 - 2006

Total Enrollment by Year for Curriculum, Basic Skills and Continuing Education



	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Series1	144,283	150,844	153,985	169,924	180,563	188,610	190,750	193,677

Enrollment Growth Funding Since 2000 - By Year and Cumulative Total



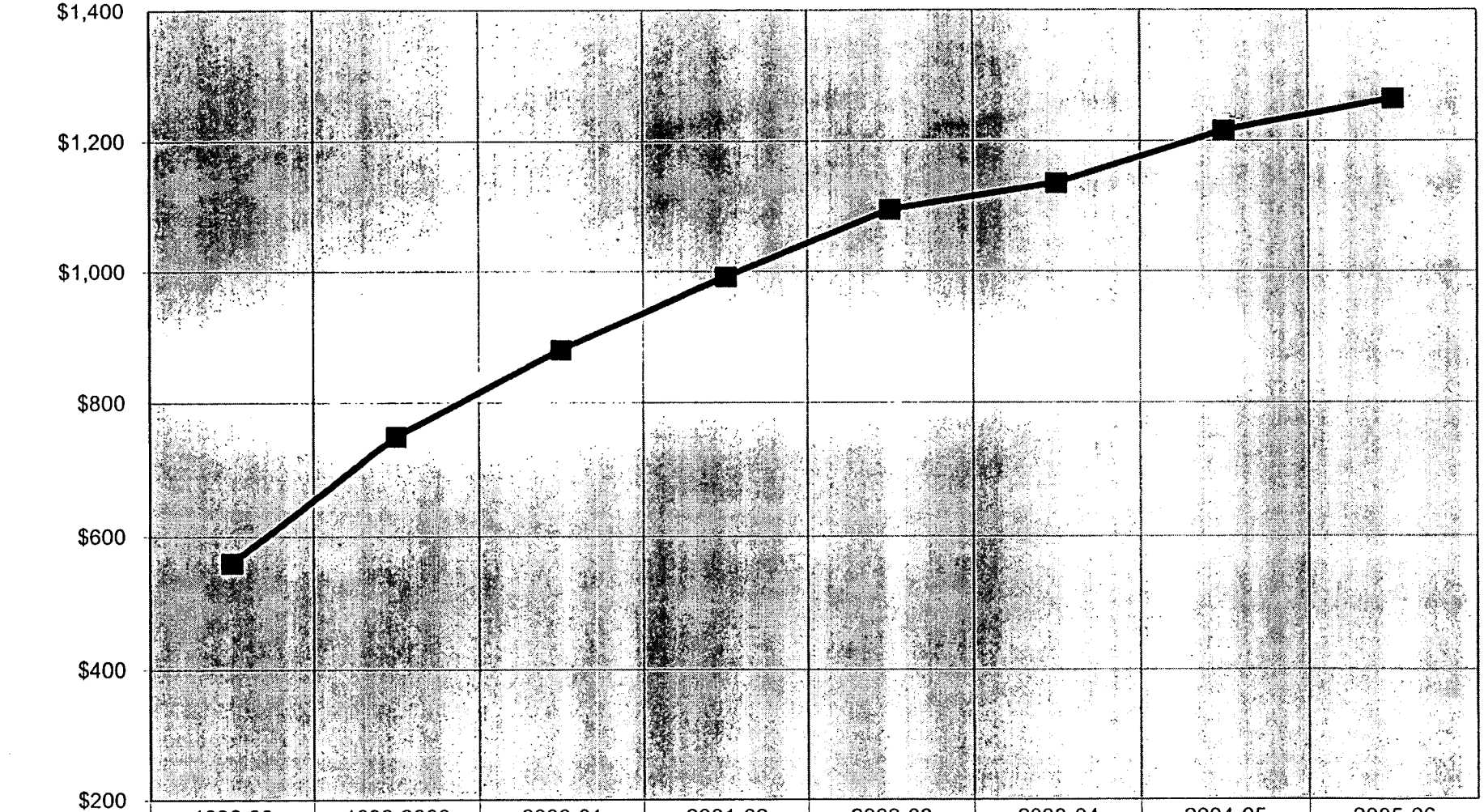
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Series2	$22,280,910	$10,000,000	$51,848,813	$32,036,563	$23,432,327	$7,802,343	$9,181,047
Series1	$22,280,910	$32,280,910	$84,129,723	$116,166,286	$139,598,613	$147,400,956	$156,582,003

THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Projected Regular Term Enrollment Growth Funding: 2006-07

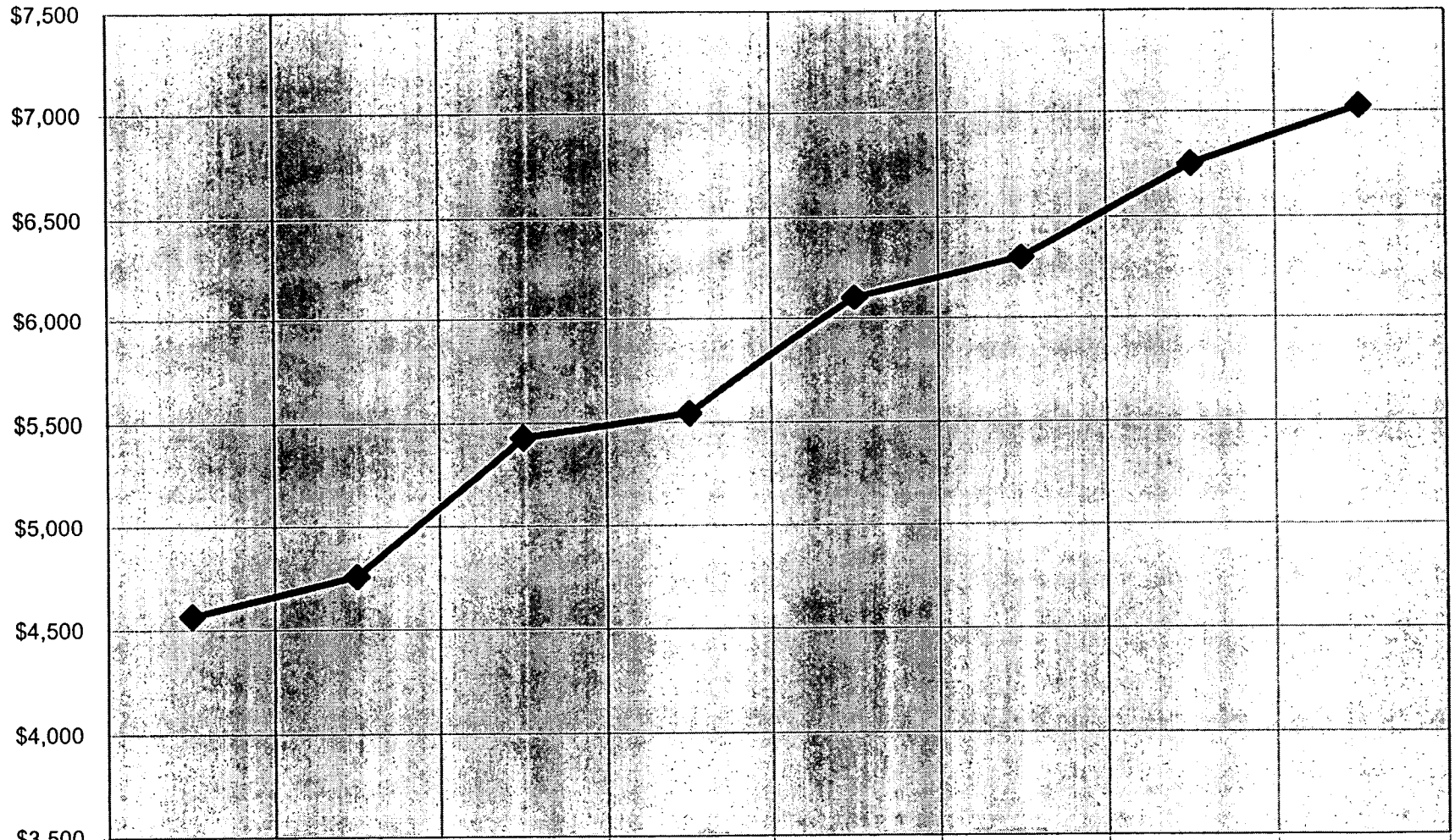
All FTE Reflect the Higher of Current Yr or Average of the Past 3 Years	Allotted FTE 2005-06	Estimated FTE 2005-06	Growth	% Increase	Appropriation Required	Total Requirements	Estimated Receipts
Curriculum	149,491	151,294	1,803	1.21%	$5,701,841	$7,628,202	$1,926,361
Continuing Education	22,681	23,764	1,083	4.77%	$3,284,417	$4,028,330	$743,913
Basic Skills	18,578	18,619	41	0.22%	$194,789	$194,789	$0
TOTAL	190,750	193,677	2,927	1.53%	**$9,181,047**	$11,851,321	$2,670,274

Tuition Rate Increases for Residents : 1998-99 thru 2005-06



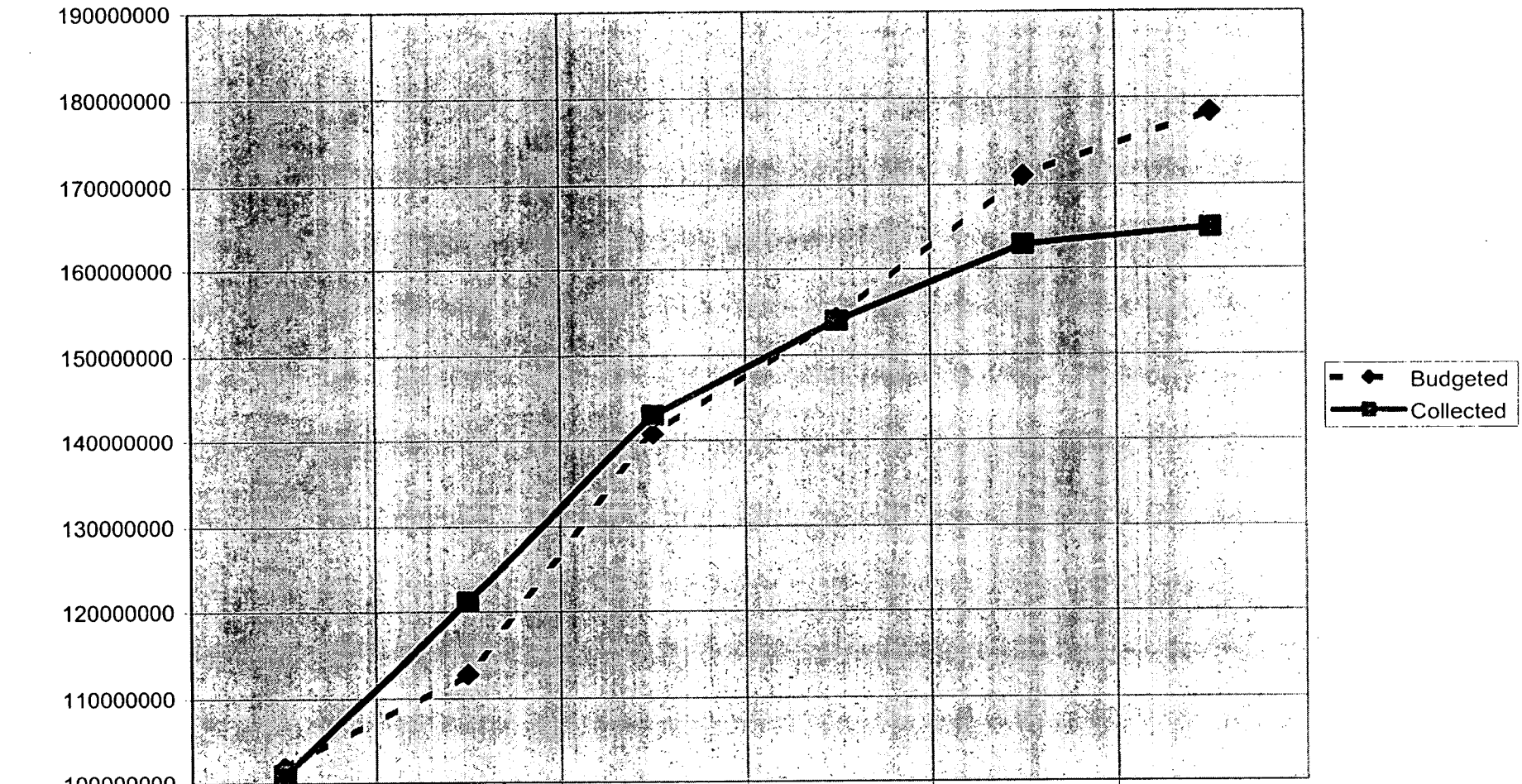
	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
In-State	$560	$749	$880	$992	$1,096	$1,136	$1,216	$1,264

Tuition Rate Increases for Non-Residents: 1998-99 thru 2005-06



	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Out-Of-State	$4,564	$4,753	$5,432	$5,544	$6,104	$6,304	$6,752	$7,024

Budgeted vs Actual Receipts: 2000 - 2005



	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Budgeted	101889831	112856636	140775463	154279522	171070557	178368005
Collected	101002741	121166714	143030638	153965739	162862845	164868005

THE COSTS OF COMPENSATION

THE COSTS OF COMPENSATION

Faculty and Professional Staff
Revamping the President's Salary Schedule
Bonus Leave Days
Restoring College Benefit Reductions
The System Office

The North Carolina Community College System (NCCCS) is staffed with outstanding presidential leadership, a well-credentialed and mature faculty, and dedicated and compassionate professionals, both at the state and local levels. Presidential leadership provides strength to the faculty and staff in the administration of policies and procedures established by the Governor, General Assembly, State Board and Boards of Trustees. Faculties provide individualized instruction and mentoring activities that lead to successful student goal attainment. Professional staffs provide consultation, technical assistance, and support to both faculty and students that insure effective System and System Office service delivery. All of these human resource efforts, however, come at a price.

According to the 2005-2006 "Staff Information Report", there are 5,480 full-time faculty in the NCCCS. There are many more thousands of adjunct faculty[1]. The average **salary for full-time faculty** nationally[2] is $53,473 compared to the NCCCS average of $41,517 (2005-06), a difference of $11,956 per full-time faculty member. As such, the NCCCS ranks 46th among all states and 15th among 16 SREB states[3]. This comes in spite of the fact that for the last three years, both the Governor and General Assembly have provided salary increases to faculty greater than the increases provided to state employees. The problem is that the state has not had sufficient resources to give large increases to state employees, and as such the faculty increases have not allowed for a "catch-up" to the national average. While the NCCCS has made gains, through a combination of increasing minimum salaries, budget transfer restrictions,[4] and providing increases greater than those appropriated by the General Assembly, the gap between the system average and the national average is not closing. According to the NCCCS Office of Planning, Accountability, Research and Evaluation[5], the community colleges gave an average salary increase of 5.1 percent, compared to the required legislative increase of 4.5 percent in 2004-05. Significant multi-year appropriations are required to close this gap. Of risk to the NCCCS is the loss of faculty to higher paying positions in high demand occupations, particularly in allied health, information technology and business fields. Currently, the attrition rate of full-time faculty in the NCCCS is approximately nine (9) percent.

[1] According to the SREB, North Carolina ranks above the national and southern averages in the percentage of faculty that are part-time.
[2] IPEDS published average for FY 2004-05. This is the latest data available.
[3] SREB Data Exchange. December 2005.
[4] Section 8.3 of Session Laws 2004-124
[5] "Data Trends and Briefings" December 28, 2005.

According to the 2005-2006 "Staff Information Report", there are 2,684 full-time professional staff in the NCCCS. There are many more thousands of other staff members. The average **salary for full-time professional staff** nationally[6] is $68,722 compared to the NCCCS average of $50,328 (2005-06), a difference of $18,394 per full-time professional staff member. Substantial additional funds are required to close this gap as well.

After many years of neglect, including "freeze years", no adjustments for labor market conditions or inflation, all of which resulted in artificial maximums and non-competitive hiring rates for those at small community colleges, improvements were made by the 2005 Session of the General Assembly to the **President's Salary Schedule** (Schedule).[7] As a result of an appropriation of $334,147, the Schedule was expanded from 10 to 20 steps, salary grades were consolidated, improvements were made in hiring rates at small colleges, and the maximums were increased, thereby giving local Boards of Trustees more flexibility in hiring. In spite of these significant improvements, there are still several concerns that remain with the schedule. The greatest concern is the fact that for several fiscal years (1990's through 2003) there were no funds appropriated for state-funded salary increases. As such, the Schedule was "frozen", and sitting presidents were not able to receive increments, or "step" increases on the schedule. In order to maintain equity among all presidents, newly-hired presidents are "penalized" for years of experience they have in other states when placed on the Schedule. In addition, the Schedule in and of itself is cumbersome to work with. Finally, there have been artificial "caps" on the amount of funds that a president may earn from all funding sources (state, non-state). A "Task Force on President's Salaries", including Presidents, a Trustee Association representative, and System Office staff, was assembled to work on simplifying the schedule and eliminating inflexible barriers. The Task Force has developed a new schedule for consideration, but the schedule needs additional state funding.

Recent legislative actions to award **bonus leave days** to the NCCCS have created a substantial unfunded liability. The 2002[8], 2003[9], and 2005 [10]Sessions of the General Assembly provided for the awarding of bonus leave days to community college system and System Office employees. The total number of days to be awarded over this period was twenty-five (25), to be accounted for separately, and to remain available until taken. In the event the days are not taken, they shall be paid, along with any accumulated annual leave, when an employee separates from the college or System Office. The State Board implemented policies for those employees paid from state funds, consistent with legislative intent, each time the General Assembly awarded bonus leave days. Based upon an October 2005 survey by the Division of Business and Finance of all community colleges, and a December 2005 assessment by the Human Resources section of the System Office, it is estimated that the accrued liability of bonus leave days is $23.8 million and $.5 million respectively. According to the results of both activities, the number of days accrued at the college level is approximately 71,300, and the number of days at the System Office is 2,157. Neither the colleges nor the System Office is funded to pay out these days upon employee separation and, as such, must leave positions vacant for months at a time to generate the lapsing salaries to cover the cost. As salary increases are provided by the General Assembly, the accrued

[6] CUPA Human Resource average for FY 2004-05. This is the latest data available.
[7] Conference Report on the Continuation, Capital and Expansion Budget. August 8, 2005. Page L2
[8] Section 28.3 of Session Laws 2002-126
[9] Section 30.12 of Session Laws 2003-284
[10] Section 29.14 of Session Laws 2005-276

liability grows each year. A "non-reverting reserve fund", managed by the State Board of Community Colleges, is needed to satisfy payouts throughout the fiscal year. This reserve fund could be established and replenished with non-reverting funds. It would have the useful public purpose of filling faculty and professional positions more quickly, to preserve quality instruction, support, and technical assistance at both the college and System Office levels.

Funds are required for the colleges for a **health insurance rate adjustment**, and for restoring the **retirement rate adjustment** that was reduced by the Office of State Budget and Management.

The **System Office** is finding it more and more difficult to compete within state government, with the University of North Carolina system, and with the fifty-eight community colleges in recruitment and retention of positions at all level. Whether they are exempt (EPA) or positions subject to the State Personnel Act (SPA), the System Office is losing veteran, experienced employees to those agencies and colleges that can pay more. The reasons for this are several. First, among the twenty-five (25) general fund agencies of state government, the System Office is among the seven (7) smallest.[11] As such, there are few general fund dollars available to adjust salaries to remain competitive against agencies of state government (within the complex). Second, salary increase funds appropriated to local colleges enable them to lure away professional staff within the System Office. Over the past fiscal year, several such instances have occurred wherein local colleges could pay professional System Office employees as much as $30,000 to relocate. When efforts are made to recruit replacement employees, whether from within the complex or from community colleges, the number one reason for refusal is insufficient salary. While the System Office annually seeks funds from the Salary Adjustment Fund for SPA employees for equity adjustments, it is never a sufficient amount to retain valuable employees. The System Office needs an infusion of funds with which to recruit, hire and retain EPA and SPA professional staff.

Budget Requirements for 2006-07

A. Faculty and Professional Staff:

Funds are requested to fund a multi-year plan to move faculty and professional staff to their national peer average salaries. The amount requested for fiscal year 2006-07 represents an increase of approximately seven percent (7%) for faculty and professional staff. The required increases in the remaining years of the four-year plan are also in the seven percent range. This is in addition to any general increase that is given. ***Therefore, a request is made for $28,722,094 for faculty and professional staff salary increases.***

B. Revamping the President's Salary Schedule:

Funds are requested to implement a new "President's Salary Schedule" that eliminates the freeze years, eliminates non-state funding caps, and establishes caps for the use of state funds. ***Therefore, a request is made for $522,196 to implement a new President's Salary Schedule.***

[11] Office of State Budget & Management. "Executive Budget Summary for the 2005-07 Biennium" February 2005. pp.26-27

C. Bonus Leave Days:

Funds are requested to establish a "Reserve for Bonus Leave Days", to be managed by the State Board of Community Colleges. The funds would be used for both the colleges and System Office to satisfy the cost of payouts to employees upon their separation. The reserve should be non-reverting and replenished each year. ***Therefore, a request is made for $2,449,967 to establish a Reserve for Bonus Leave Days at approximately tem percent (10%) of the actual cost.***

NOTE: Funds are requested for the entire cost of "Bonus Leave Days" in the "Non-Recurring Items" section of this budget request.

D. Restoring College Benefit Reductions:

Funds are requested to replace hospitalization and retirement benefit reductions that were made by the Office of State Budget and Management for 2005-06. These funds were allocated to the colleges before the benefit reductions were made. ***Therefore, a request is made for $2,394,665 to replace benefit reductions for 2005-06.***

E. The System Office:

Funds are requested to provide for salary and benefit adjustments for staff within the Community College System Office. Funds are needed in order to recruit and retain professional staff, both exempt from (EPA) and subject to (SPA) the State Personnel Act, and to restore funds cut from the legislative retirement rate adjustment. ***Therefore, a request is made for $1,388,552 for salary and benefit adjustments in the System Office.***

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Summary of Bonus Leave Awards
2005-06

Category	Number of Employees Awarded Days	Number of Days Awarded	Estimated Cost of Days Awarded	Average Cost per Employee
Faculty	3,200	40,592	$9,868,605	$3,084
Staff	5,914	71,285	$13,914,283	$2,353
Sub-Total:	9,114	111,877	$23,782,888	$2,609
System Office	173	2,157	$501,248	$2,897
TOTALS	9,287	114,034	$24,284,136	$2,615

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

	1 Number of Faculty/Staff	2 NCCCS Average	3 National/CUPA Average	4 2007	2008	2009	2010
Faculty	5,480	$41,517	$53,473	$16,379,720	$32,759,440	$49,139,160	$65,518,880
Professional Staff	2,684	$50,328	$68,722	$12,342,374	$24,684,748	$37,027,122	$49,369,496
				$28,722,094			

1) Number of Faculty positions from the NCCCS Staff Information Report 2005-2006
Professional Staff positions from the NCCCS Staff Information Report 2005-2006

2) NCCCS 9-month average salaries from the NCCCS Staff Information Report 2005-2006

3) Full-time faculty national average as published by IPEDS for 2004-2005
Professional staff average salary as published in CUPA HR Salary Data for 2005-2006

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

STUDENT SERVICES SUPPORT

STUDENT SERVICES SUPPORT

Financial Aid Support & Staffing
Students with Disabilities
Student Services and Support

According to the American Association of Community Colleges[1], of the nation's community college students, the following illustrates "just who is attending community college these days:"

- 29 percent have annual incomes of less than $20,000
- 41 percent are first-generation students
- 33 percent are parents
- 54 percent work full time in addition to taking classes
- 33 percent are part time students.
- 47 percent of African-Americans, 56 percent of Hispanic and 47 percent of Native Americans who attend college attend a community college

These statistics are telling. They suggest that there are many students who show up at the doors of a community college who have never attended college, nor did their parents, with significant financial challenges, and they try to balance both work and education. Further, many of these students represent minority populations. According to the Southern Regional Education Board,[2] "Black and Hispanic students are projected to grow from 26 percent of total public high school graduates in the U.S. in 2004 to 33 percent in 2014, while in the south, the proportion will grow from 35 percent to 44 percent."

It is also true that students are showing up at the doors of community colleges nationwide with two special needs: remediation, and accommodation under the Americans with Disabilities Act (ADA). According to the Center for Community College Policy,[3] remediation classes are offered in 95 percent of community colleges. In addition, 67 percent of high school students earn a traditional diploma, but only 43 percent of those graduates have college-entry skills. Again, according to the Center, of those who take remedial classes:

- The majority are white, however minority groups are overrepresented
- One of five is married
- Two of five receive some form of financial aid
- One of three work 35 hours or more per week
- Ages range from 16 to 60 years, with three in five being 24 years old or younger.

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[1] The Lumina Foundation. "Focus". Fall 2005. page 5.
[2] SREB. "Fact Book Bulletin." October 2005.
[3] Education Commission of the States. The Center for Community College Policy. "Remedial Education – Quick Facts." 2005.

This suggests that more and more high school graduates are ill-prepared for college-level work. Further, the same population that shows up at community college doors, while in need of remediation, is also in need financial aid and other student support services.

Students are also showing up in increasing numbers requiring special accommodations under ADA. According to the National Center for Education Statistics (NCES),[4] when the question was asked of post-secondary institutions: "What proportion of students enrolled in postsecondary education have a disability?", the following response was received:

- 9 percent reported having a disability that created difficulties for them as a student. About 50 percent of these students were enrolled at a public tow-year institution.
- Among students with disabilities:
  - 29 percent had an orthopedic or mobility impairment
  - 17 percent had mental illness or depression
  - 15 percent had a health impairment
  - 12 percent had a visual or hearing impairment
  - 11 percent had a learning disability or ADD
  - 15 percent had some other type of disability

NCES further reported that the general characteristics of these students indicated that the majority were female, lived away from the college, were independent, white, and were either recent high school graduates or were over 30.

Not unlike the national trends related to the profile and needs of students who show up at community college doors, the tremendous increase in enrollment over the past several years in the NCCCS has created a greater demand on student development services on each campus. Students attending community colleges bring a mix of diverse characteristics to the campus, including age, race and ethnicity variations, financial need, and the need for remediation and special accommodation. Students require an increasing amount of skill assessment, counseling, financial aid, and special accommodations. In order to insure greater success, minority students require more one-on-one counseling and mentoring.

The NCCCS Office of Student Development Services recently completed a survey of student services and financial aid staff at the local colleges. The findings generated great concern among staffs. First, many indicated that it was becoming increasingly difficult to serve the number of students in need of **financial aid.** Based upon a survey of Financial Aid Directors in December 2005, difficulties cited in the ability of financial aid offices include staffing, the need for professional development, system office support, the ability to administer all available programs, and a general lack of resources. In effect, financial aid offices lack adequate coverage, sufficient funds, and time necessary to be responsive. It takes a significant amount of time to meet with and counsel students, monitor sufficient academic progress, assemble proper documentation, maintain on-line financial aid reporting systems, and myriad other tasks. There is substantial financial risk to colleges in the loss of Title V funds if appropriate records are not maintained. Therefore, additional funds for staffing, professional development and System Office support is needed.

[4] U.S Department of Education. National Center for Education Statistics. (2003). "The Condition of Education 2003. (NCES 2003-067). Indicator 34.

Consistent with the national statistics, more and more high school students are graduating and matriculating to community colleges ill-prepared for the rigors of college-level work. As such, the NCCCS is forced to provide **remediation** to approximately one-half of those students who advance directly from high school to a community college.[5] According to the draft findings and recommendations from the House Bill 1264 study currently underway[6], "the trends for students requiring remediation in the NCCCS are disturbing. The percentage of students requiring remediation in the NCCCS must be significantly reduced. Particularly is the proportion of students who require remediation in math since much of the knowledge economy, with its science and technology emphasis, requires strong math skills."

The NCCCS colleges follow federal law when it comes to non-discrimination against **students with disabilities** in either admissions or access to educational programs. If a student meets the academic and technical standards of the school or program, in spite of any disability, they are provided reasonable accommodation. There are limited disability services personnel on each campus. Funding is needed to accommodate students disabled students in the following areas:

- Interpretive Services
- Computer and equipment assistance
- Note-takers
- Visual accommodation
- Professional development and training of staff

Based upon information gathered in December 2005 assessment by the System Office (of 49 colleges), community colleges spent approximately $2.7+ million on accommodations during the 2004-05 fiscal year. This amount did not include expenditures that were reimbursed by other agencies. The average annual expenditure was $54,639, with much larger amounts at larger institutions. It was estimated that an unduplicated headcount of 6,929 students with documented disabilities were served by the (49) colleges responding to the assessment. Among these students, the greatest expense was in providing sign language interpreters. Additional funds are needed to provide expanding services to students with disabilities under the ADA.

Staff members are often required to juggle their multiple responsibilities., especially among those staff members working in the disabilities area. Many staff members serve in dual roles, such as personal and career **counselors, academic advisors, admissions officers, testing and placement officers, TRIO program coordinators,** and other roles. Additional professional staff positions are needed in all of these areas.

[5] Source: The Department of Public Instruction.
[6] Pappas Consulting Group. "Interim Report of Preliminary Findings for House Bill 1264: "Staying a Step Ahead: Higher Education Transforming North Carolina's Economy." December 1, 2005

Budget Requirements for 2006-07

A. Financial Aid Staffing:

Funds are requested to provide an additional position in the base and an additional position in the enrollment allotment, to provide for the professional development of financial aid staff, and to provide adequate System Office support. ***Therefore, a request is made for $7,018,476 in funds for Financial Aid Staffing support.***

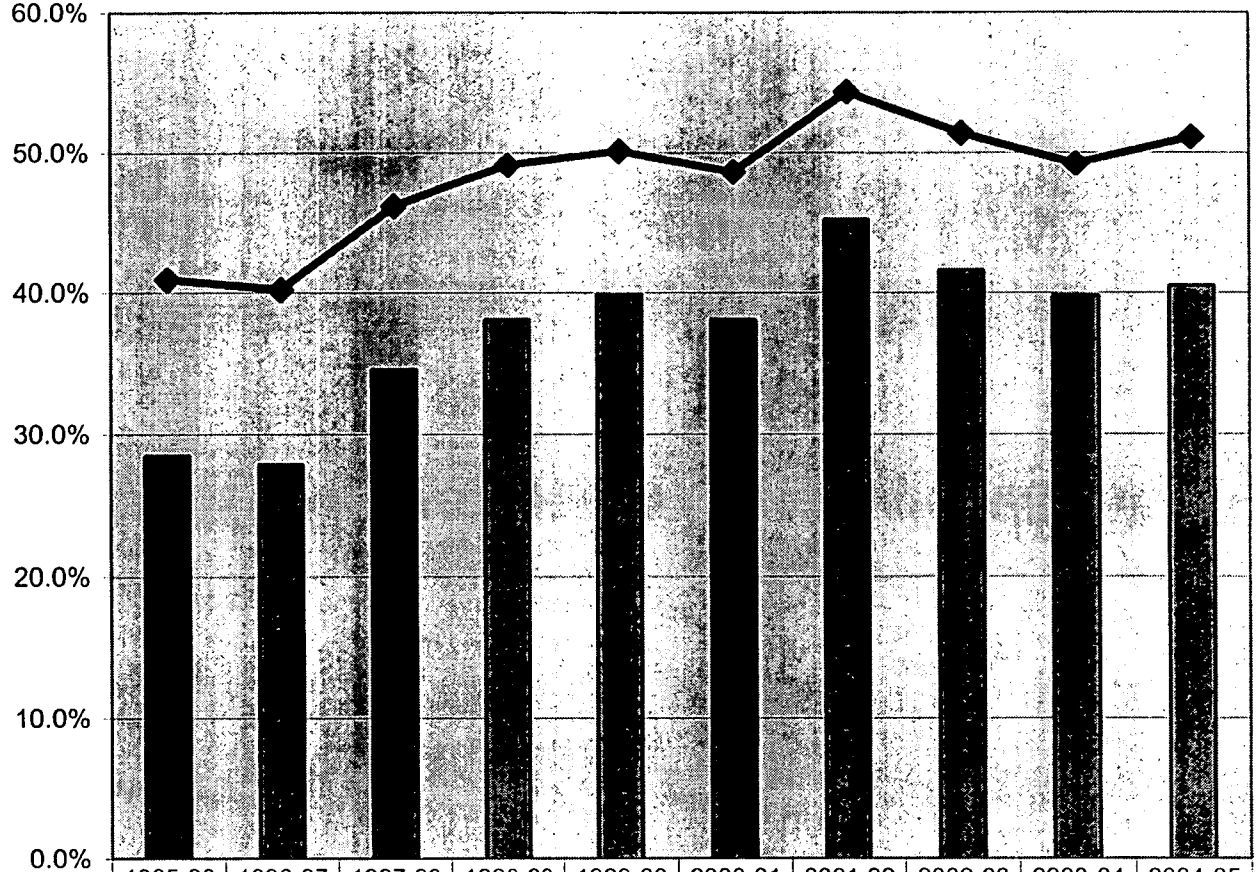
B. Students with Disabilities:

Funds are requested to provide funding for an increasing demand for and number of students requesting accommodation under the American with Disabilities Act. The funds would be used to hire interpreters, note-takers, and provide these students with physical assistance with equipment. ***Therefore, a request is made for $3,000,000 for accommodating Students with Disabilities.***

C. Student Services Staffing:

Funds are requested to provide additional counseling, academic advisors, admissions officers, testing and placement officers, and program coordinators in the area of student support staffing. These individuals are necessary for the successful completion of academic programs by minority students, displaced workers, matriculating high school students, and those students working full or part time. ***Therefore, a request is made for $9,766,860 for Student Services Staffing.***

Percent of High School Students Taking Developmental Classes that Advance Directly from High School to a Community College



	1995-96 (class of '95)	1996-97 (class of '96)	1997-98 (class of '97)	1998-99 (class of '98)	1999-00 (class of '99)	2000-01 (class of '00)	2001-02 (class of '01)	2002-03 (class of '02)	2003-04 (class of '03)	2004-05 (class of '04)
One or More Develop Math	28.5%	27.9%	34.7%	38.2%	39.9%	38.2%	45.3%	41.6%	39.8%	40.5%
One or More Develop Courses	40.9%	40.2%	46.2%	49.1%	50.1%	48.6%	54.3%	51.4%	49.2%	51.1%

ECONOMIC AND WORKFORCE DEVELOPMENT

ECONOMIC AND WORKFORCE DEVELOPMENT

Allied Health Program Funding
Bio-Technology
Regional Customized Training Specialists

The North Carolina Community College System (NCCCS) is proud of its strong tradition of being the supply-side mechanism for meeting business and industry's demand for skilled workers. Stated another way, the NCCCS has historically been the vehicle for quickly producing well-trained and educated labor in high-demand occupations, in an ever-changing economy. Two modern examples the flexibility of the NCCCS to do so are in the areas of allied health and bio-technology. To continue to do so, however, will require additional well-placed resources. These resources include additional specialized faculty, more clinical opportunities, and more "slots" in already approved programs within the NCCCS.

The NCCCS currently provides **allied health programs** to students in nursing, radiography, cardiovascular sciences, dental sciences, emergency medical services, health care management, medical assisting and medical office fields, nuclear medicine, phlebotomy, and surgical technology occupations. The problem, however, it that the market demands more and more of these type individuals. For example, while the market requires approximately 2,300 new nursing graduates per year; the NCCCS produces only 1,965 graduates. In addition, the market needs approximately 480 dental assistants, yet the System yields only 239. According to the House Bill 1264 report[1], "community colleges are not producing an adequate number of graduates to meet projected needs in the following high demand areas: registered nurses, emergency medical technicians, medical and clinical lab technicians, and medical transcriptions." The report further notes that "the NCCCS is not producing an oversupply of graduates in any of the high growth areas."

The 2004 Session of the General Assembly,[2] directed the State Board of Community Colleges to consider modifications to its funding formula to ensure that adequate funding is provided for high-cost programs[3]. The State Board employed the consulting firm of Hockaday, Hunter and Associates (consultant) to study this issue. The study found that "in general, the highest cost fields are health-related professions, engineering/technical, visual and performing arts, and life sciences."[4] In the survey of research conducted by the consultant, it was determined that allied health programs were the most expensive programs to operate. Allied Health programs generally carried a weight of 1.5-1.6 per FTE compared to other programs.[5] The consultant recommended that the State Board determine an appropriate weighting of costs of allied health programs.

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[1] Pappas Consulting Group. "Interim Report of Preliminary Findings for House Bill 1264: "Staying a Step Ahead: Higher Education Transforming North Carolina's Economy." December 1, 2005

[2] Section 8.13 of Session Laws 2004-124

[3] The only programs currently funded as "high=cost" are those designated as such by the General Assembly.

[4] Hockaday, Hunter and Associates. "NCCCS Funding Formula Study." January 15, 2005. p.19.

[5] Ibid. p. 23.

Following these recommendations, the Division of Business and Finance within the System Office initiated research to determine the appropriate weighting of allied health programs. The initial research selected fifteen community colleges with a mix of allied health programs, differentiating by region and college size. In the process of conducting the research, any "outliers" were deleted from the research. Following the lead of the consultants, the staff looked at labor costs and supply and material costs. No equipment costs were included. What the staff found was that in the NCCCS, allied health programs (associate degree and diploma programs) carry a weighted cost of 1.47 more than our per capita funding. This suggest that resources are being diverted away from other academic programs to pay for allied health instruction and operating costs (not including equipment). Funds are needed to supply allied health programs with resources to procure and retain well-credentialed faculty, and to add additional classroom seats, where appropriate. The report of the consultant and the estimated cost of this critical need were presented to the Joint Education Oversight Committee on January 12, 2005. The Committee endorsed the funding request at that time.

There are many challenges for the NCCCS and its ability to produce more allied health graduates for a labor market thirsty for such. While there are waiting lists in many program areas at community colleges, it is also true that there are factors beyond the control of the System. There is a clear and pressing demand for masters-level faculty to teach allied health programs. The supply of these faculties is limited, and the System must continue to partner with the University of North Carolina system to produce more faculty. It should be noted that as a result of a two-year study by the Institute of Medicine, the results of which were published in the May 2004 issue of the North Carolina Medical Journal, strong recommendations were made in support of the NCCCS supplying the market with more nurses through additional and weighted funding.. In addition, in order for students to be able to practice in their respective allied health education fields, there must be more clinical sites available.

The 2005 Session of the General Assembly recognized the importance of the role that the NCCCS is playing in the emerging filed of bio-technology be permanently funding the NCCCS BioNetwork.[6] This funding was extremely important in sustaining the good work going on at the System's six BioNetwork Competitiveness Centers. The Centers serve as hubs of expertise and are located at community colleges in six of the seven economic development regions. BioNetwork Centers provide the leadership for these statewide responsibilities: monitor industry trends, benchmark practices in other states and countries and develop curricula to be shared with the entire system, forming the network essential to BioNetwork. The Centers specific areas of responsibility are Bioprocessing, General Pharmaceutical Manufacturing, Agricultural Biotechnology, Continuing Education, Biotechnology Enterprise Catalyst and the Capstone Center.

The next important funding need in the NCCCS BioNetwork is the **Capstone Center.** With the bulk of training completed at the bench scale at local BioNetwork community colleges, students and workers from across the state will travel to the BioNetwork Capstone Center for education and hands-on training with large-scale production process equipment. This will be done in a dedicated community college aseptic suite at the Biomanufacturing Training and Education Center (BTEC) planned for NC State (NCSU) Centennial Campus. This Capstone Center will offer a sophisticated and realistic learning environment on clean room design/control,

[6] Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets. August 8, 2005. Item #130. p. F-20

environmental monitoring, solution processing, validation, filtration, sterile filtration, aseptic sampling, aseptic filling, filter integrity testing, gowning review/qualification, sterile filtration procedures, microbial identification, endotoxin detection, water quality testing, and lyophillization. The BioNetwork Mobile Laboratory, a self-contained, state-of-the-art, mobile laboratory outfitted with specialized equipment and instructor will also be based at the Capstone Center. This custom-designed mobile biotechnology laboratory will offer accelerated lab-based incumbent worker training at company sites and extend community college capabilities.

The BTEC should be operational by June of 2007. This Building Reserve Request includes unique operational costs (not utilities) associated with the NCCCS BioNetwork Capstone Center dedicated space (approximately 12,000 sq. ft.) within the BTEC along with the supplies, equipment depreciation, BioNetwork Mobile Laboratory supplies and depreciation, and outsourcing for HEPA filter certifications, environmental monitoring, laminar air flow hood certifications and gowning expenses.

Supplies for the BioNetwork Capstone Center and the BioNetwork Mobile Biotechnology Laboratory are estimated at $250,000 per year. The equipment for the Capstone Center and Mobile Laboratory is estimated at $2,426,184 and should be used as the basis for a funded depreciation schedule. The outsourcing for HVAC and clean room certifications, gowning costs, equipment calibration and specialized maintenance agreements are estimated at $60,000 per year.

This is a unique facility and a seamless education and training collaboration between NCSU and the NCCCS. As such, the NCCCS supports and endorses any additional funding requirements for NCSU for constructing, completing the interior of, and equipping the BTEC. As NCSU develops and refines these costs, the NCCCS will advocate for their complete funding.

In addition to the Capstone Center, another initiative in BioTechnology is currently under study. There is an expectation of the Cabarrus County/Greater Charlotte region, in response to a proposal by a private entity, to establish a **"North Carolina Research Campus" for a Biotechnology Research Center** located in Kannapolis, North Carolina. A recent study has pointed out that two-thirds of the Biopharmaceutical jobs in North Carolina require education and training at the community college level. The active participation by Rowan-Cabarrus Community College, in collaboration with Central Piedmont Community College and other colleges in the Charlotte Region, will be critical to the establishment of a visionary biotechnology workforce training center. Only through a comprehensive workforce development strategy that includes both community colleges and universities will employment opportunities at all levels be made available for local citizens within the region, many of whom are unemployed or underemployed and are seeking good jobs with sustainable wages.

Developing a world class workforce through services and programs offered at the proposed Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse facilities will be a critical component to the economic revitalization of this region. The RCCC Biotechnology Training Center will respond to workforce development needs created as a result of biotechnology research and development. The availability of a well-trained workforce developed at this new biotechnology research training center will also act as an economic development catalyst in attracting new bioprocessing, biomedical, bioagriculture and life science business.

This proposed training facility, staffed with appropriate faculty, and equipped with laboratory and process equipment, will be an integral part of the research center in Kannapolis. BioNetwork, the statewide community college biotechnology workforce and economic development initiative, will offer expertise and support to assist in the facility design and curriculum development processes.

The programs planned for the proposed Rowan-Cabarrus Community College Biotechnology Training Center are also transferable to other industry sectors. A broad spectrum of programs offered at the Biotechnology Training Center will provide greater employment opportunities for the local workforce, that include industrial systems technology, computer technology, child care, biotechnology, bioagricultural, laboratory technology, process technology and health. In summary, the Rowan-Cabarrus Community College Biotechnology Training Center must be a part of the greater educational research campus funded by the State of North Carolina on the same basis as the research universities to benefit the citizens of the region.

Therefore, if the state funds a North Carolina Research Campus in Kannapolis, the NCCCS (Rowan-Cabarrus CC) needs funding for a BioTechnology Training Center.

The North Carolina Community College System (NCCCS) continues to be one of the most significant team members in the economic improvement. There are currently 164 active New and Expanding Industry projects in operation that are led and administered by five NCCCS **Regional Customized Training Directors**. These positions report to the Vice President for Economic and Workforce Development and serve as liaisons to business and industry sectors for providing customized training programs, including New and Expanding Industry Training (NEIT), Focused Industrial Training (FIT) and the newly funded Customized Industry Training (CIT) Program.

There are seven Economic Development Partnership Regions in North Carolina as recognized by the North Carolina Department of Commerce, with staffing to optimize services to each of those areas. The NCCCS has only five Regional Customized Training Directors who are being asked to cover those same seven regions. To be successful with industrial recruitment and retention, a team approach between local, regional and state partners is essential. The NCCCS currently lacks personnel resources to fulfill its economic team responsibilities in the Northeast and Southeast Economic Development Regions.

Because the programs and services that Regional Customized Training Directors represent are significant components of the state's economic development strategy, establishing and maintaining effective working relationships with economic developers and the business community is essential, one additional Regional Customized Training Director is needed in the Northeast and Southeast Economic Development Regions respectively to maximize the NCCCS's ability to strengthen the coverage forecast for these Economic Development Regions.

Budget Requirements for 2006-07

A. Allied Health Program Funding:

Funds are requested to supplement Allied Health programs. Based upon labor market demands for allied health professionals, the NCCCS needs substantial additional funding for its programs. Funds would be used to recruit and retain faculty, and to add additional "slots" where appropriate, through a weighted FTE funding for associate degree and diploma programs. ***Therefore, $28,943,969 is requested for weighted funding for Allied Health Programs***

B. BioTechnology:

Funds are requested for two initiatives in the area of BioTechnology. First, funds are requested to cover operations and maintenance costs for space dedicated to the NCCCS at the Capstone Center at NCSU. In addition, funds are requested to provide operations and maintenance of the Biotechnology Training Center at Rowan-Cabarrus Community College. ***Therefore, $795,236 is requested for the Capstone Center and $3,445,025 for the Biotechnology Training Center at RCCC.***

C. Regional Customized Training Directors:

Funds are requested to establish two (2) positions to more adequately address the Northeast and Southeast Economic Development Regions consistent with what the North Carolina Department of Commerce already recognizes as separate regions. ***Therefore, $153,470 is requested to establish two (2) Regional Customized Training Directors.***

REGIONAL CUSTOMIZED TRAINING SPECIALISTS AREA COVERAGE

Northeastern Region	
College	**Number of Projects (Companies)**
Beaufort County Community College	12
College of the Albemarle	4
Halifax Community College	5
Martin Community College	5
Roanoke-Chowan Community College	2
Total Projects	**28**

Major Industries: Boat building (7 companies), Plastics (4), Lowe's Distribution Center, Wood Products (3), Textiles (2), Filtration (2), Poultry (2) PCS Phosphate and Nucor Steel.

Current NEIT Clients: Regulator Marine, Brooks Boats, Edenton Dye, Tamsco, Impressions, Prettl, PCB Pieztronics, AirBoss, Syfan.

New Companies committed in 2006 and beyond: Randy Parton Theme Park, Automotive Test Facility, Ethanol Plant, Mercury filters, Egret Boats.

Southeast Region	
College	**Number of Projects (Companies)**
Bladen Community College	11
Brunswick Community College	4
Cape Fear Community College	4
Fayetteville Technical Community College	2
Richmond Community College	13
Robeson Community College	12
Sampson Community College	5
Southeastern Community College	10
Total Projects	**61**

Major Industries: International Paper, Campbell Soup, Novartis, DuPont, General Electric, Corning, Goodyear, Smithfield Foods, Verizon Wireless, Ritz-Craft, LL Building Products, FCC, Elkay-Southern, Del Laboratories, DAK Americas, Georgia Pacific, Cingular, Unilever, Rampage Yachts, Owens-Illinois, Outer Banks, ADM, Fortron, Schindler Escalator, Rostra, and Embrex.

Current NEIT Clients: Verizon, Sturdy Corp., Rampage Yachts, Southport Boats, Flowsciences, Time Warner, National Spinning, Cedartown Manufacturing, DuPont, Farmers' Fresh Poultry, Arvin Meritor, FCC (North Carolina), QualPak, Ritz Craft Corp., Campbell Soup, Comark Building Systems, and Graphic Packaging.

Potential Projects: Terex, Project Vanquish, Project Bridges

TECHNOLOGY ENHANCEMENTS

TECHNOLOGY ENHANCEMENTS

Distance Learning
Equipment Funding

The North Carolina Community College System (NCCCS) continuously seeks to improve the methods of instructional delivery and student access to learning. In order to do so, the System must give to students the best available "tools" for learning. The tools must be of modern technology and readily available, the use of which will result in knowledge transfer. The tools are generically called "Technology", and in the case of the NCCCS, they are represented by the method of instructional delivery called "Distance Learning," and the hands-on portion called "Equipment." The enhancements of both these technology tools are vital to the successful completion of student education and training for the knowledge-based market place of the 21st century.

Currently, all 58 NC community colleges provide **distance learning** courses in an attempt to meet the growing needs for instructional delivery in their service areas. In the past six years, across the North Carolina Community College System, distance learning course delivery has grown to the current level of 15% of all curriculum registrations.

In 2004-05 NCCCS distance learning delivery totaled 180,924 enrollments. These were composed of online instruction (76.5 percent), videoconferencing (5 percent), telecourses/teleweb (9.5 percent), and hybrid courses (9 percent) - a blended combination of face-to-face and online instruction. Most colleges also provided web supplements for traditional courses. Enrollments were recorded at 54,327 in web-supplemented or assisted courses. Similar growth rates have been identified in Occupational and Continuing Education online courses. The following tables shows the distance learning registrations and rate of growth for curriculum and continuing education courses in the NCCCS.

Curriculum Distance Learning Course Registrations[1]

Year	1998-99	1999-00	1900-01	2001-02	2002-03	2003-04	2004-05
DL Registrations	26,695	40,392	60,742	90,337	121,356	155,556	182,249
Rate of Growth		51.40%	50.4%	48.7%	34.3%	28.2%	17%

An enrollment is one student taking a 3-hour semester course.

Occupational and Continuing Education Distance Learning Course Registrations[2]

Year	2002-2003	2003-2004	2004-2005
Number of Students	16,088	18,900	26,548
Rate of Growth		17%	40.5%

[1] Source: NCCCS Data Warehouse
[2] Source: NCCCS Data Warehouse

Distance learning courses are in great demand as they provide a tremendous benefit to adult learners in North Carolina. Distance learning provides learning opportunities directly to students at home or at work. Statistically, the typical distance learner is a working parent with job and family responsibilities. Removing scheduling, travel, and babysitting responsibilities increases the opportunities for education and the likelihood those students can enter and complete programs of study. Current registration data suggest a trend is emerging whereby students are migrating to online and/or hybrid courses or a combination of online/hybrid and traditional courses.

Curriculum Unduplicated Headcount by Course Method of Instruction

Year	Distance Learning only		Distance Learning & Traditional		Traditional only		Other	
	enrollment	change	enrollment	change	enrollment	change	enrollment	change
2001-02	8,213		39,794		203,793		5,512	
2002-03	10,566	+28.60%	46,308	+16.40%	200,818	-1.50%	9,252	+67.90%
2003-04	14,086	+33.30%	57,122	+23.40%	192,565	-4.10%	10,756	+16.30%
2004-05	22,795	+61.80%	74,543	+30.50%	169,584	-11.90%	7,501	-30.30%

However, to improve and enhance distance learning at the 58 community colleges, a full array of services and support is required. These services and support includes technical infrastructure, faculty and staff training and support, and student orientation and support.

Studies by e-NC and ECU indicate that Internet broadband is now available to 80 percent of NC homes (72 percent in rural areas). PC ownership is up to 50 percent in rural counties and 71 percent in urban counties; 74 percent of non-Internet subscribers do have access via family, work, or friends.

The NCCCS has the ability to develop high quality distance learning courses in all curriculum areas, and to train faculty and provide them with effective teaching resources. Our Virtual Learning Community Project has fueled a consistent double digit growth in online curriculum enrollment over a 5-year period. However, in the prevailing economic times, the re-education of North Carolina's workforce is now a high priority. Therefore, the focus of the nationally recognized distance learning program will be North Carolina's economic development issues. To this end, the *NCCCS Distance Learning Strategic Plan* was created which gives strategies to effectively and efficiently deliver instruction at a distance in all curriculum and occupational continuing education areas.

The North Carolina Community College System has the experience and expertise to develop quality online resources for every citizen in the state, at all levels of learning for every work related need. The colleges can deliver with equal effectiveness instruction for emergency services, small business assistance, workforce preparedness, and high tech industries. In addition, they can create learning opportunities, and send them directly to every adult learner whenever needed and where ever they reside.

Research shows that distance learning is important to the students served by the NCCCS because it offers access and opportunity to students who might otherwise not be able to participate in educational programs. Using distance learning delivery methods is not cheap, nor does it generate cost savings. The cost of delivering high-quality distance learning courses is much higher than the minor cost avoidance of not having some students on campus. Distance learning delivery is not a matter of saving money, but a matter of expanding access and opportunity.

In order to keep pace with citizen demand and increase economic development potential, the NCCCS distance learning need improvement and enhancement in four critical areas: update the Course Management System (CMS) software, upgrade the data infrastructure, permanently fund course development centers, and expand library online resources.

The second important technology tool that which is the "hands-on" portion, is **equipment.** Always a critical need for the NCCCS, the 2005 Session of the General Assembly provided an increase in recurring funding of $10 million. The State Board of Community Colleges had determined the system wide need to be approximately $232 million. There remains therefore a substantial need for equipment funding. The 2005 Session also reauthorized House Bill 275 through January 2011.[3] Finally, the 2005 Session provided up to $500,000 "for the design of a replacement boat for the Marine Technology Program at Cape Fear Community College.[4]

In making the request to the 2005 Session, the State Board had provided a breakdown of the equipment needs as follows:

- $66.2 million for equipping new and renovated facilities, built with the 2000 Higher Education Bonds, with classroom instructional equipment
- $22.5 million for allied health equipment .
- $96.1 million for computer technology for instructional purposes
- $47.2 million to reduce waiting lists in academic programs

Those needs have not disappeared. In fact, the Division of Business and Finance estimates that in calendar years 2006 and 2007, $316.3 million of Bond-constructed or renovated facilities will be completed. This represents over 50 percent of the total Bond funds authorized. These facilities will have to be equipped with instructional equipment. It has already been substantiated within this budget request that additional resources are needed for allied health program operations. In order to grow these programs, not only are the operating resources needed, but the equipment needs must be met as well. As the NCCCS continues its role in "(Re-) Educating the Workforce" in North Carolina, one of the most important tools for doing so is computer technology. The investment in computer labs, desk-tops and lap-tops is important in helping students become

[3] Section 8.8 of Session Laws 2005-276
[4] Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets. August 8, 2005. Item #129. p. F-20

computer literate and comfortable with these tools. Market-driven programs have been identified by colleges wherein there are employment opportunities. These programs create "waiting lists" for students. Equipment funding in these program areas have the opportunity to reduce waiting lists. Finally, funds are needed to complete the building for a research vessel for the Marine Technology Program at Cape Fear Community College.

Budget Requirements for 2006-07

A. Distance Learning Services and Infrastructure (Prioritized) [5]

1. Course Management System and Learning Object Repository:

An enterprise Course Management System (CMS) and Learning Object Repository (LOR) is needed by all community colleges to provide a state-of-the art online teaching and learning platform that provides learning objects (web resources), text resources, and student tracking capability equally suitable for customized needs of colleges and regional/statewide initiatives. Such CMS/LOR resources will be adaptable and supportive of online, hybrid, and traditional instruction. Development of learning objects represents the most cost-effective way to develop online learning modules for statewide use. CMS Request include Enterprise version of Blackboard for all 58 community colleges - $1,500,000, and for The LOR hosted by MCNC - $500,000. ***Therefore, the amount of $2,000,000 is requested for a new Course Management System and Learning Object Repository.***

NOTE: Additional funds are requested ($2,283,180)) for distance learning infrastructure in the "Non-Recurring Items" section of this budget request.

2. Data connectivity[6]:

A FTA-based Data connectivity solution includes 3MB basic service for colleges under 2,500 FTE. Colleges between 2,500 and 5,000 FTE receive 6 MG with colleges over 5,000 to receive 10 MB service. All Biotech colleges under 2,500 FTE will receive 6 MB service while Biotech colleges over 2,500 FTE will receive 10 MB. Increased bandwidth is needed to support rapidly expanding distance learning, learning technology, online library resources, Campus Cruiser, and current/emerging software and web-based instructional applications. Colleges require increased bandwidth to conform to university and industrial standards required to support industry specific training in areas such as biotechnology and nanotechnology. ***Therefore, $3,291,276 is requested for Data Connectivity.***

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[5]Note: All of the NCCCS distance learning infrastructure requests are fully compliant with recommendations and conditions stated in (1) the North Carolina E-Learning Commission January 2006 report, (2) HB 1264, (3) SB 622, and (4) SB1052.

[6]Note: This request is not a long-term solution. E-Learning Commission recommendations include full Gigabyte data connectivity for NCCCS institutions as part of a state-wide approach to e-learning infrastructure solutions.

3. **CCLINC Consortium Upgrade:**
CCLINC Consortium server upgrades and database maintenance. I.T.S. evaluation indicated that the SIRSI hardware/software configuration that forms the technical basis of the CCLINC Consortium was one of the most secure and redundant systems among NC Agencies. However, CCLINC servers are now 6 years old and need to be replaced. ***Therefore, $60,000 in non-recurring funds is requested for the CCLINC Consortium Upgrade.***

4. **NCIH Expansion:**
The NCIH will be expanded to eight (8) additional sites. Additional NCIH sites will target conference meetings and small classrooms to save travel time and promote staff development & training. ***Therefore, $120,000 in non-recurring funds is requested for videoconferencing equipment.***

5. **On-Line Library Resources:**
Online library resources need to be increased by a factor of three. Many more online resources are required to support over 250 individual instructional programs. Currently, approximately 19% of individual college library resources are redirected toward purchase of online resources. ***Therefore, $1,000,000 is requested for On-Line Library Resources.***

6. **Learning Technology Support Services Support:**
Learning Technology Support Services require personnel and materials to support instructional programs, instructional training, and staff development statewide. Funding is needed to provide instructional design, video services, online resources, and database support. ***Therefore, $103,180 is requested in non-recurring funds and $304,816 in recurring salary funding for Technology Support Positions.***

7. **Online Help Desk:**
Online Help Desk is required by distance learners for technical assistance. Online Help Desk is available 254/7/365, saves DL and student services time, and eases student entry into DL courses and resources. ***Therefore, $740,000 is requested to fund the On-Line Help Desk.***

8. **VLC Curriculum and OCE Development Centers:**
VLC Curriculum and OCE Development Centers require professional instructional designers, content experts, and infusion of instructor compensation to maintain course quality and provide for expansion. A total of eight (8) Development Centers will be housed at colleges across the state to develop with capacity to create and disseminate high quality learning/teaching resources available to all colleges. ***Therefore, $2,801,288 is requested to establish VLC Curriculum and OCE Development Centers.***

9. Biotech Learning Technology:
Equipment is required to generate digital content and establish video streaming and videoconferencing capabilities to connect all Biotech community colleges with UNC biotech facilities. Equipment can also be used for other academic and OCE instructional needs by each participating community college. ***Therefore, $1,400,000 is requested to support Biotechnology Learning Technology.***

B. Equipment Funding:
The NCCCS needs a substantial infusion of funds to equip newly built and renovated facilities, to purchase allied health equipment, to equip computer labs, and to reduce waiting lists I high-demand programs. The total need is estimated no be approximately $221 million. ***Therefore, a five percent (5%) of the total need, $11,000,000 in recurring funds, is requested for Equipment Funding, and $6 million in non-recurring funds is needed to construct a research vessel.***

NOTE: Additional funds are requested ($31,319,732) for equipment funding in the "Non-Recurring Items" section of this budget request.

THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

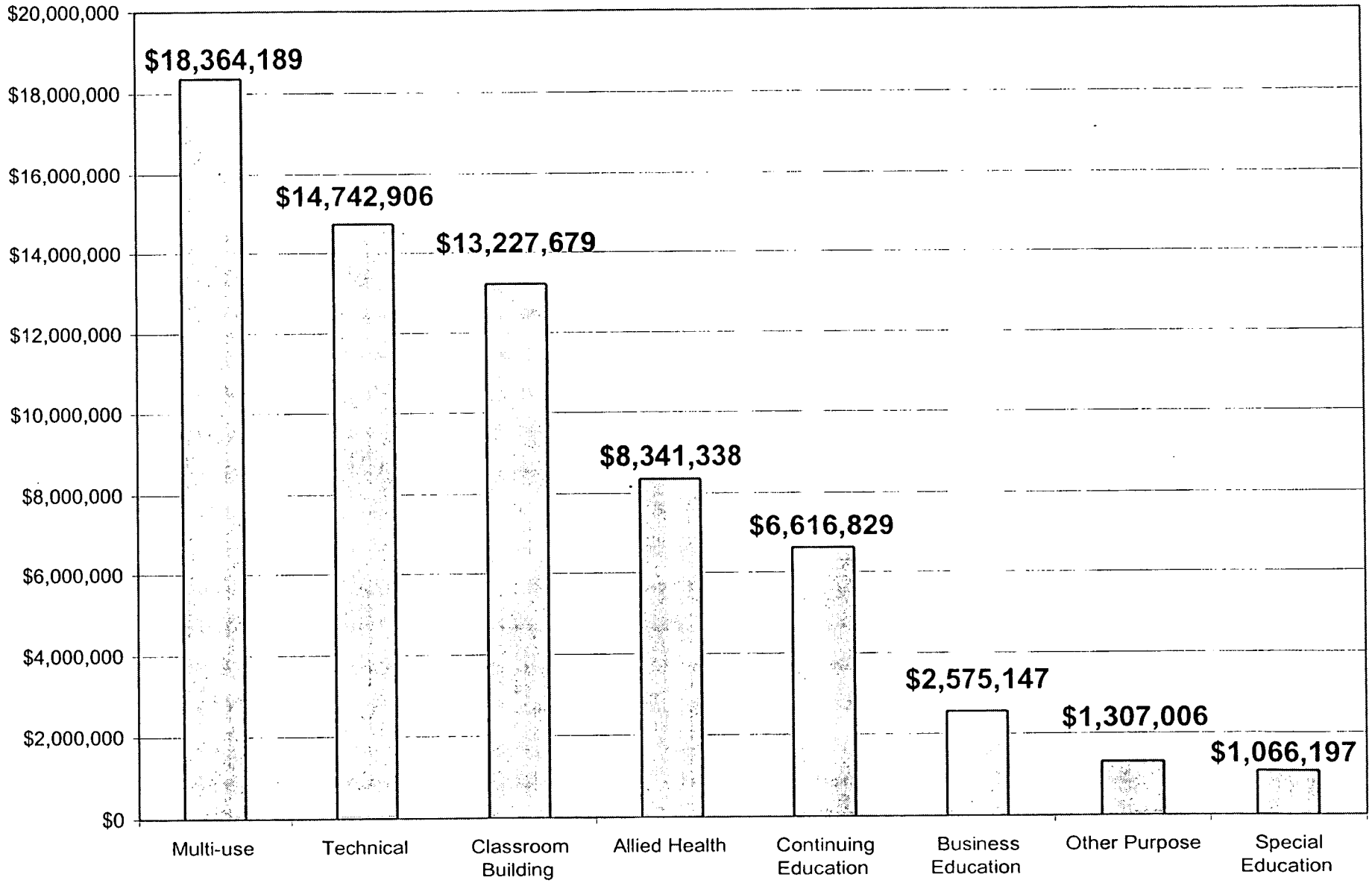
Distance Learning Services and Infrastructure Required of All Comprehensive Community Colleges

The following matrix identifies (1) services and infrastructure required of all 21st century comprehensive community colleges and (2) the value of such components.

Component	Value
Course Management System (CMS)	Mission critical to online courses, hybrid courses, and course supplements
CMS server(s) and IT support	Critical to support CMS instructional mission
Data infrastructure	Mission critical to majority of college functions. T-1 (1.5 Mbps) ITS data minimum supplied by SO. Many colleges supplement additional data service (ITS or secondary ISP)
Video services	Many colleges rely on video services (videoconferencing) to provide instruction and communication link to satellite campuses and/or other colleges, universities, or public schools
Online student support materials	Critical to student success. Includes PC labs, online orientation, tutorials, Help Desk, online counseling,
Instructor support	Critical to quality of instruction. Includes access to technology, orientation, tutorials, Help Desk, multi-level training resources, and ongoing support.
Staff development	Critical to support of quality of instruction and learning. Includes access to technology and multi-level training.
Online course development	VLC critical to shared resources solution to course development. VLC composed of course donated courses, new courses, and edited courses.
Online library resources	Critical to online and all instructional delivery formats.
Telecourse/teleweb courses	Telecourses maintain 10% of all DL enrollments. Teleweb represent growing segment of DL enrollment.
Proposed Components	**Value**
Learning objects and learning object repository	Consolidate sharable digital content and reduce duplication costs and efforts
Wireless Internet	Establish Internet access for students, faculty, and staff in critical areas on college campuses
External E-mail	Enhance campus-wide and community communications
VOIP	Reduce current & future telecommunications costs by consolidating data and phone systems
Student portfolio	Provide alternative assessments and capability for students to store & retrieve archives of accomplishments
Systems integration	Integrate student systems (course management system, library) with administrative information systems

North Carolina Community College System

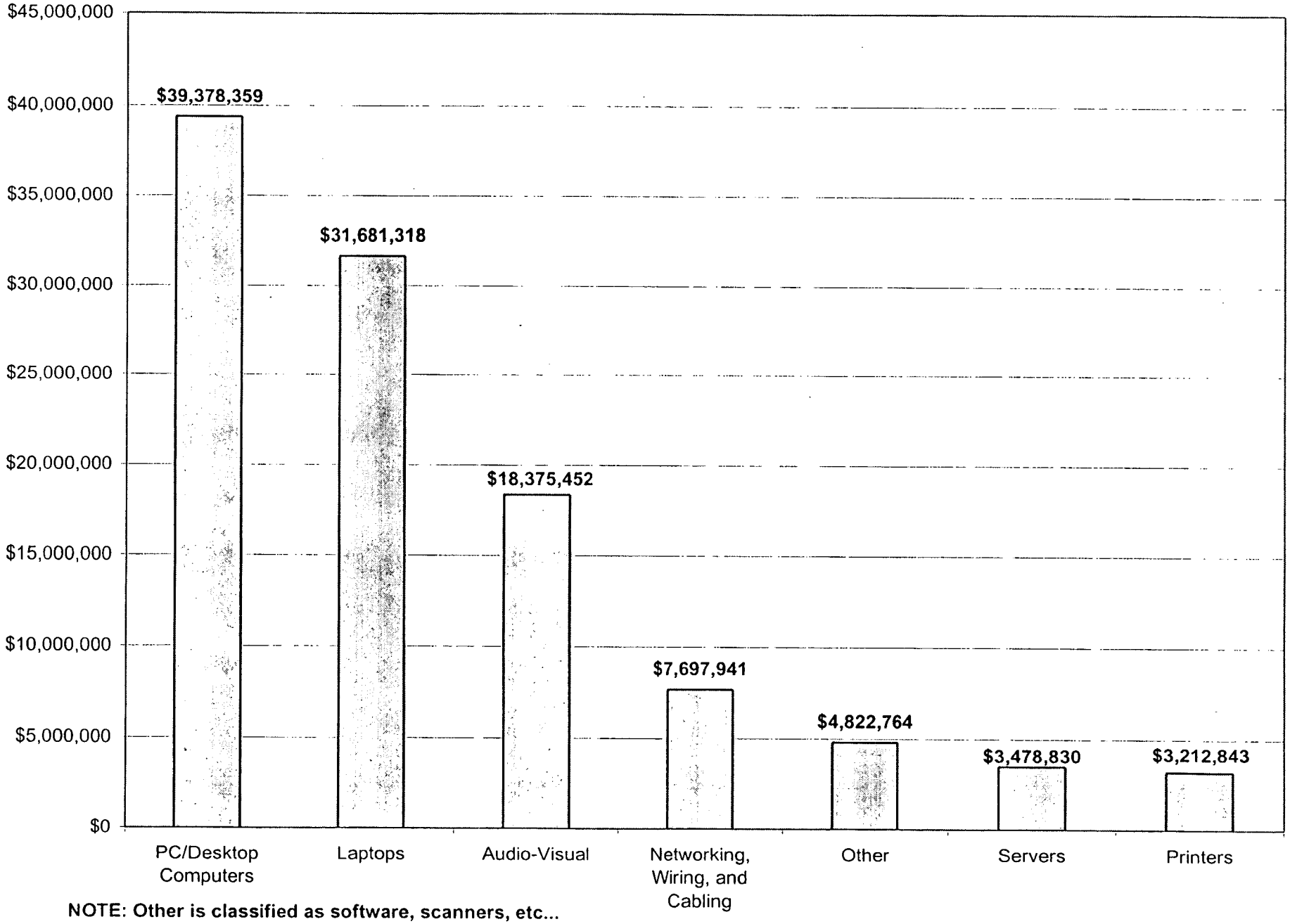
Estimated Cost of Equipping New and Renovated Facilities-By Facility Type For Instructional Purposes



NOTE: A Multi-use Facility includes such uses as classrooms, library and student space combined into one

North Carolina Community College System

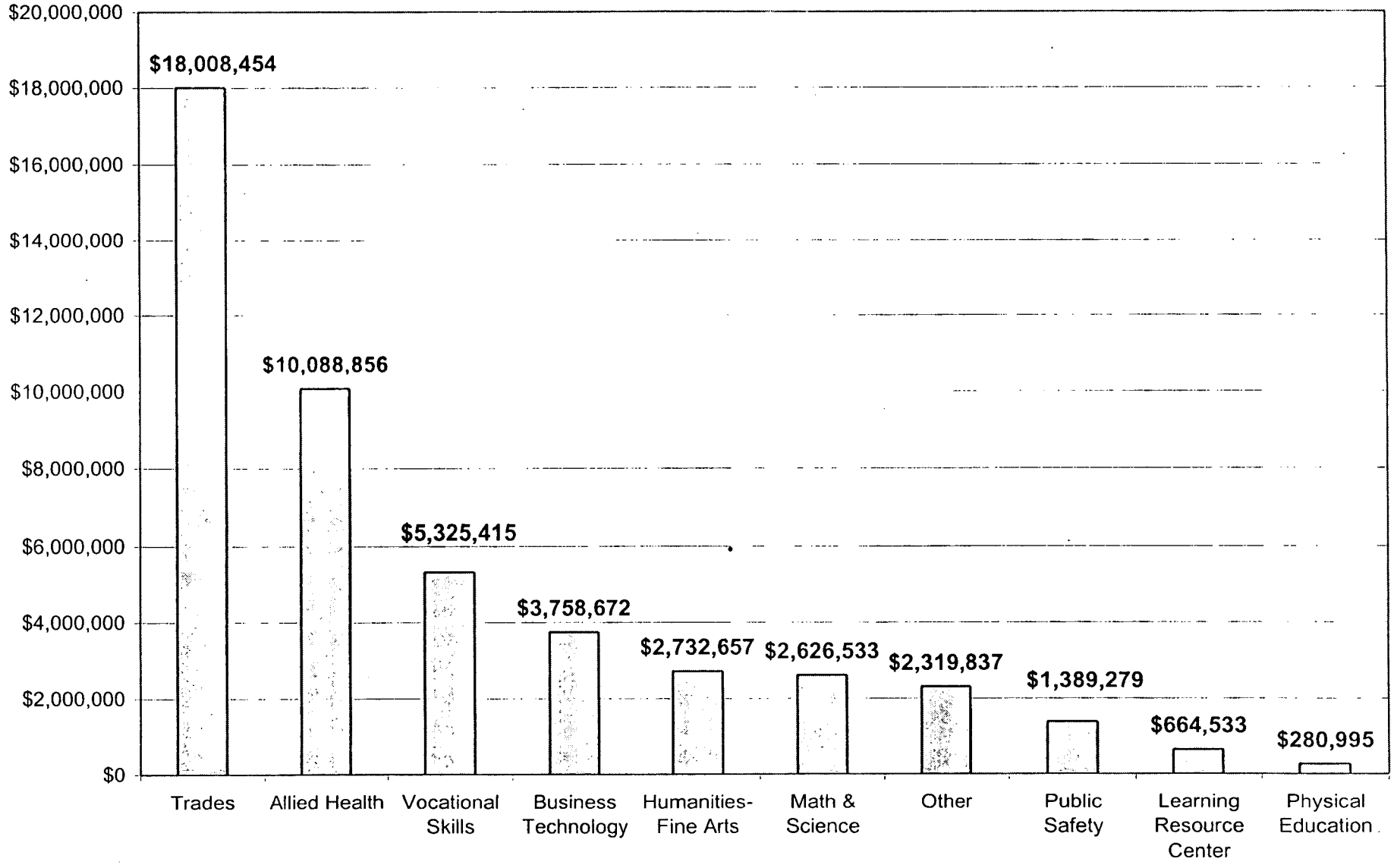
Estimated Cost for Computer Technology for Instructional Purposes



NOTE: Other is classified as software, scanners, etc...

North Carolina Community College System

Instructional Equipment Needed to Reduce *Waiting List for Program Areas



* As identified by each college.

THE SYSTEM OFFICE

THE SYSTEM OFFICE

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 over 193,000 FTE. The number of academic programs approved by the State Board has grown at a corresponding rate. Since 1997, the **System Office,** led by President H. Martin Lancaster, has undertaken a host of new activities, services and initiatives. A few of these include the conversion of the System from a "quarter" to a "semester" system, including the re-engineering of all academic programs and the establishment of a common course library; the design, development and implementation of the largest comprehensive Management Information System and Data Warehouse in any system of higher education in the United States; the administration of the largest bond referendum in higher education in the country; and, the design and deployment of the most important new economic development activity in the state's rapidly changing economy.

There have been other major initiatives implemented over the past nine years, including performance-based reporting and funding, the largest financial aid program in the System's history, a cooperative lateral-entry program for public school teachers, and a host of other activities too lengthy to enumerate. As a result of pressures to meet the demands of a changing System and state economy, the System Office has gone after external funding sources. In to deal with such subjects as emergency worker training, homeland security, minority male mentoring, human resource development, a Hispanic- Latino initiative, bio-technology, and developmental disabilities, the System Office has pursued and received substantial external funding. The point to be made is that while the NCCCS has grown in enrollment, the System Office has expanded the services, initiatives and programs that the colleges need and require. Often, funds are not available to support and sustain System Office initiatives.

The 2005 Session of the General Assembly provided funding for the establishment of five (5) new positions within the System Office. These positions included two Accounting Specialists, an Administrative Professional to support the General Counsel, a fire/law Training Coordinator, and a Director of College Development. This funding was sorely needed, and greatly appreciated.

The System Office has other needs as well. These needs include the replacement of federal support for operations and information systems in the GED Office; and, the replacement of general equipment, furniture, copiers and a utility vehicle. Because the System Office budget and staff is among the seven smallest in the state government complex, and given the cumulative non-personnel budget reductions of $534,710[1], and personnel reductions of $647,799[2] since FY 2000-01, funds are often not available to make needed budget adjustments or purchases of equipment. Therefore, appropriations are needed to operate the GED Office and to replace equipment.

[1] 2002 Session ($432,171); 2003 Session ($102,539)
[2] 2001 Session ($197,923); 2002 Session ($449,876)

Budget Requirements for 2006-07

The System Office:
Funds are needed to replace federal support for operations and information systems in the GED Office, and for the replacement of general equipment, furniture, copiers and a utility vehicle. ***Therefore, $485,509 is requested for the System Office.***

NOTE: **Funds are also requested for equity compensation of System Office staff ($1,388,552), bonus leave days ($71,678), a financial aid Education Consultant and support ($77,616), and two Workforce Development Specialists ($153,470) elsewhere in this document.**

NON-RECURRING ITEMS

NON-RECURRING ITEMS

If there are over-realized revenues from fiscal year 2005-06, or there are non-recurring revenues that are identified and available for appropriation for fiscal year 2006-07, the North Carolina Community College System has identified funding opportunities that will meet crucial needs. The following list illustrates the funding opportunities that can be addressed with non-recurring revenues:

1. Bonus Leave Days:

The accrued liability of bonus leave days is $23.8 million for the 58 Colleges, and $.5 million for the System Office. The number of days accrued at the Colleges is approximately 71,300, and the number of days at the System Office is 2,157. Neither the Colleges nor the System Office are funded to pay out these days upon employee separation and, as such, must leave positions vacant for months at a time to generate the lapsing salaries to cover the cost. Funds are requested to establish a "Reserve for Bonus Leave Days", to be managed by the State Board of Community Colleges. The funds would be used for both the colleges and System Office to satisfy the cost of payouts to employees upon their separation. The reserve should be non-reverting. ***The estimated cost to fully fund the liability is $24,284,135 million.***

2. Equipment:

The State Board of Community Colleges has determined the system wide need to be approximately $222 million. This includes $56.2 million for equipping new and renovated facilities built with the 2000 Higher Education Bonds with classroom instructional equipment, $22.5 million for allied health equipment, $96.1 million for computer technology for instructional purposes, and $47.2 million to reduce waiting lists in academic programs. ***The cost to fund an equivalent amount of non-recurring funds as are currently received in recurring fund is $31,319,732 million. Funds are also requested ($6 million) for the construction of a research vessel for Cape Fear Community College.***

3. Distance Learning Infrastructure:

To improve and enhance distance learning at the 58 community colleges, a full array of services and support is required. These services and support includes technical infrastructure. In order to keep pace with citizen demand and increase economic development potential, the NCCCS distance learning need improvement and enhancement in four critical areas: update the Course Management System (CMS) software, upgrade the data infrastructure, permanently fund course development centers, and expand library online resources. ***The estimated cost of upgrading the infrastructure is $2,283,180.***

4. Advance Planning For New Facilities:

A January 20, 2006 report to the State Board of Community Colleges, based upon a 2005 reassessment of capital needs within the Community College System, indicates that there is between 2,15 and $2.23 billion of projected new construction needs through 2011. Based upon the System's experience with the 2000 Higher Education Bonds, a lack of advance planning funds caused design delays, resulting in missed opportunities in a favorable construction market and large inflationary increases in construction costs. If the System had access to advance planning funds in 2000, more of the facilities built would have been done so sooner and at a cheaper cost, and facilities remaining to be built with Bond funds would not be experiencing cost over-runs. ***Therefore, $500,000 for each community college is requested for advance planning, at a total cost of $29 million.***

5. New Program Start-up Funds:

The North Carolina Community College System (NCCCS) has an established reputation for nimbleness in initiating programs that are responsive to changing economic conditions and market sensitivities. Based upon the funding process, however, there are no appropriated dollars for new program start-ups. Funds to establish new programs are realized from enrollment growth dollars, and these dollars are realized one-year after they are earned. In an economy that is changing as rapidly as North Carolina's, the NCCCS can bring on-line more quickly and effectively programs "on demand" if there were new program funds available immediately. Historically, State Board Reserve Funds have been used to start-up new programs, but a budget reduction of $350,000 made this difficult to fund. ***Therefore, it is requested that a $10 million non-reverting reserve be funded for the State Board to allocate on demand for new program start-up.***

ACCOUNTABILITY AND PERFORMANCE

ACCOUNTABILITY & PERFORMANCE IN THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

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

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

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

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

The quality of the designated performance measures may need to be revisited in the 2006 Session of the General Assembly.

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

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

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

For the year-ended June 30, 2005, 37 community colleges attained the designation of "Superior Performing" colleges, meaning they attained at least five of the six required and one optional performance standards.

The System Office was allowed by the Office of State Budget and Management to carry forward $6.8 million for equipment, programs and bonuses.

NORTH CAROLINA COMMUNITY COLLEGES MEETING PERFORMANCE STANDARDS, 2004-2005
(M = Met Standard; SI=Significant Improvement)

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

[6th]: Selected sixth performance measure.
s: Superior performance funding.
n/a*: Data not available due to CIS issue; table will be revised when data become available.

NORTH CAROLINA COMMUNITY COLLEGES MEETING PERFORMANCE STANDARDS, 2004-2005
(M = Met Standard; SI=Significant Improvement)

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

[6th]: Selected sixth performance measure.

s: Superior performance funding.

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

NORTH CAROLINA COMMUNITY COLLEGES MEETING PERFORMANCE STANDARDS, 2004-2005

College	Total Standards Met or Significant Improvement	Total Performance Funding Standards Met or Significant Improvement	Superior
Alamance CC	12	6s	Yes
Asheville-Buncombe TCC	10	5s	Yes
Beaufort County CC	11	5s	Yes
Bladen CC	11	5s	Yes
Blue Ridge CC	11	5s	Yes
Brunswick CC	10	5	
Caldwell CC & TI	9	6s	Yes
Cape Fear CC	11	5s	Yes
Carteret CC	11	5s	Yes
Catawba Valley CC	9	5s	Yes
Central Carolina CC	11	5s	Yes
Central Piedmont CC	10	5s	Yes
Cleveland CC	11	5s	Yes
Coastal Carolina CC	12	6s	Yes
College of The Albemarle	10	4	
Craven CC	10	5s	Yes
Davidson County CC	11	5s	Yes
Durham TCC	10	4	
Edgecombe CC	11	6s	Yes
Fayetteville TCC	11	5s	Yes
Forsyth TCC	10	5s	Yes
Gaston College	12	5s	Yes
Guilford TCC	8	5s	Yes
Halifax CC	10	5	
Haywood CC	9	4	
Isothermal CC	9	4	
James Sprunt CC	12	6s	Yes
Johnston CC	9	3	
Lenoir CC	9	4	
Martin CC	11	5s	Yes
Mayland CC	6	3	
McDowell TCC	11	5s	Yes
Mitchell CC	10	5	
Montgomery CC	9	4	
Nash CC	10	4	
Pamlico CC	9	4	
Piedmont CC	10	4	
Pitt CC	8	4	
Randolph CC	10	5s	Yes
Richmond CC	10	5s	Yes
Roanoke-Chowan CC	9	4	
Robeson CC	11	5	
Rockingham CC	8	4	
Rowan-Cabarrus CC	10	5s	Yes
Sampson CC	11	5s	Yes
Sandhills CC	12	6s	Yes
South Piedmont	8	4	
Southeastern CC	11	5s	Yes
Southwestern CC	9	4	
Stanly CC	10	5s	Yes
Surry CC	10	5s	Yes
Tri-County CC	12	6s	Yes
Vance-Granville CC	10	5s	Yes
Wake TCC	9	5s	Yes
Wayne CC	10	5s	Yes
Western Piedmont CC	11	5s	Yes
Wilkes CC	10	4	
Wilson County TC	10	5s	Yes

The University of North Carolina
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ERSKINE B. BOWLES, *President*

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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

An Equal Opportunity/ Affirmative Action Employer

May 3, 2006

MEMORANDUM

To: Joint Appropriations Subcommittee on Education

From: Erskine Bowles EBB

RE: 2006 Legislative Priorities for the University of North Carolina

Thank you for the very generous support the NC General Assembly provides to the 16-campus University of North Carolina – the best public University in America. Your sustained support has truly blessed the citizens of this state.

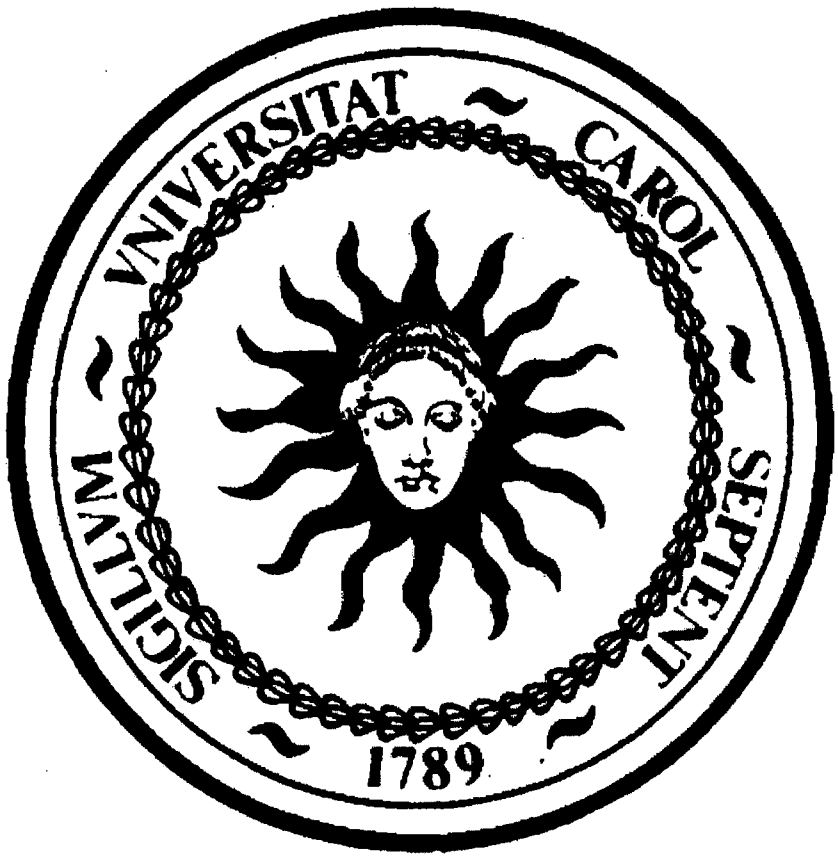
Please find the University of North Carolina's 2006 Budget and Non-budget requests. These targeted requests reflect the collective efforts of our 16 Chancellors, who worked together to define the University's needs. This is not *my* budget request, but *our* budget request.

The University's highest priorities are:

- Full funding for enrollment growth and financial aid as well as placing enrollment funding in the continuation budget;
- Producing and retaining more highly qualified teachers and administrators;
- Working collaboratively with the community colleges to produce more nurses and health-care professionals;
- Investment in economic development and research to create jobs; and
- Salary increases for faculty and all state employees.

I look forward to our continued partnership and working together to help the citizens of this state. Again, I want to thank the General Assembly for its continued support for public higher education in North Carolina.

2006-07 BUDGET PRIORITIES
OF
THE BOARD OF GOVERNORS
THE UNIVERSITY OF NORTH CAROLINA



April 11, 2006

REVISED

The University of North Carolina
Operating Budget Priorities – Summary
2006-07

Budget Item	Recommended Amount
Enrollment Changes	**$ 79,233,129**
Need-Based Student Financial Aid Program	**21,587,990**
Academic Salary Increases (5%)	**75,506,625**
Expanding Teaching and K-12 Education	**21,224,002**
North Carolina High Need Teacher Scholarship Loan Program	1,975,000
Prospective Teacher Scholars Expansion Pilot for Math and Science	1,526,620
Lateral Entry Scholarship Program	1,625,000
UNC/NCCCS Partnership Online 2+2 Joint Initiative	1,000,000
Distance Education Professional Development for Mathematics and Science Education (ECU, ECSU, UNCW)	500,000 NR
Systemwide request to Increase Support for Student Teaching Field-Based Experiences	1,100,000
New Teacher Support and Mentoring Aimed at Retention	2,156,382
University-School Teacher Education Partnerships – Matching Funds	750,000
Lateral Entry Teacher Initiative for High Need Areas – UNCC	500,000
Pilot New Teacher Induction Model – ECU	1,321,000
Pilot New Teacher Induction Model – WCU	500,000
Summer Ventures in Science and Mathematics	1,250,000
DESTINY Lab – UNC-CH	2,000,000
Science, Technology, Engineering and Mathematics (STEM) Education – NCSU	2,000,000
Pilot Initiative to Recruit, Prepare, Mentor, and Differentially Reward Select Mathematics Teachers in High Need Schools	2,100,000
Mathematics and Science Education Network	670,000
Initiative to Improve the Management and Leadership Skills of Principals in High Need Schools (Principals' Executive Program)	250,000
Expanding Nursing and Health Care	**19,138,871**
Temporary Space – Pharmacy Program – ECSU	43,000
Indigent Care Reimbursement – ECU	2,500,000
Area Health Education Centers (AHEC) Expansion – UNC-CH	3,731,506
AHEC Expansion to Elizabeth City – UNC-CH	1,000,000
Translational Medicine – UNC-CH	2,500,000
CASTLE/CCCDP Program – UNC-CH	350,000
Nurse Scholars Program Expansion	2,750,000
Faculty Production – Graduate Nurse Scholarship Program	1,200,000
AHEC – Expansion to Improve and Expand Nursing Clinical Education	600,000

The University of North Carolina
Operating Budget Priorities – Summary
2006-07

Budget Item	Recommended Amount
Expanding Nursing and Health Care (continued)	
Systemwide Request to Fund the Clinical Component of Nursing at a Higher Level	
ECU	661,866
NCA&T	217,804
NCCU	148,579
UNC-CH	612,086
UNCC	375,890
UNCG	608,665
UNCW	170,354
WCU	144,328
WSSU	674,793
Funding for New BSN programs	
FSU	300,000
UNCP	300,000
ASU	250,000
Research and Jobs	**19,318,697**
Biomanufacturing Research Institute & Technology Enterprise (BRITE) Operating Funds – NCCU	2,500,000
Biomanufacturing Training and Education Center (BTEC) – NCSU	2,000,000
Center for Rapid Prototyping – WCU	1,758,697
Economic Development Partnership Initiative – NCSU	900,000
Research Campus at Kannapolis	5,000,000
	1,000,000 NR
Hickory Center for Engineering Technology	660,000
	1,100,000 NR
Research – Development Fund	4,000,000
Expand HUB Contractor Academies	400,000
Assisting Focused Growth & Special Needs Institutions	**10,000,000**
ECSU	1,000,000
FSU	1,000,000
NCA&T	1,000,000
NCCU	1,000,000
UNCP	1,000,000
WCU	1,000,000
WSSU	1,000,000
NCSA	750,000
UNCA	750,000
NCSA - Equipment	750,000
UNCA - Equipment	750,000

NR *Nonrecurring funds*

REVISED

The University of North Carolina
Operating Budget Priorities – Summary
2006-07

Budget Item	Recommended Amount	
Expanding Summer School	**1,455,000**	
General Pilot Project - Summer Term - FSU	780,000	
Year-Round University Pilot - Teacher Education - UNCW	675,000	
Enhance Recruitment of Outstanding Graduate Students	**10,475,839**	
ASU	162,911	
ECU	722,120	
ECSU	118,902	
FSU	95,900	
NCA&T	373,815	
NCCU	210,782	
NCSA	45,736	
NCSU	2,518,032	
UNCA	19,878	
UNC-CH	3,653,478	
UNCC	898,216	
UNCG	784,550	
UNCP	216,361	
UNCW	236,088	
WCU	249,210	
WSSU	169,860	
Matching Funds/Other Programs	**8,878,869**	
Matching Funds – NCA&T Agricultural Programs	1,300,000	
Judicial College – UNC-CH	750,000	
North Carolina In the World Project – NCCIU	200,000	
Libraries – Joint Purchasing and Licensing of Electronic Materials	500,000	
RESERVE – Fiscal Impact of Statutory Changes	5,900,000	
	228,869	NR
Improvements to Information Technology	**32,725,000**	
Campus IT Infrastructure Update ($250,000 for each campus)	4,000,000	
Data Center Consolidation and Disaster Recovery	6,000,000	
RESERVE – Renaissance Computing Institute (RENCI) – Operations	11,525,000	
RESERVE – Renaissance Computing Institute (RENCI) – Infrastructure	11,200,000	NR
TOTAL 2006-07 Budget Request – recurring	**285,515,153**	
TOTAL 2006-07 Budget Request – nonrecurring	**14,028,869**	

NR *Nonrecurring funds*

The University of North Carolina
Operating Budget Priorities
2006-07

The Board of Governors, President, Chancellors, and General Administration staff have worked collaboratively to prepare this budget request for 2006-07. The unfunded items in the 2005-07 Budget Request were reviewed. The President and the Chancellors recommend that the Board transmit to the Governor and the General Assembly the following priorities for funding in 2006-07.

Enrollment Changes — 79,233,129

UNC campuses were over-enrolled by approximately 315 students in the fall of 2005. It is expected that an additional 7,484 students will enroll on UNC campuses in the fall of 2006, bringing the total need for enrollment growth appropriations in 2006-07 to $79.2 million. The North Carolina School of Science and Mathematics has also requested $240,000 for an additional 12 students.

Need-Based Student Financial Aid Program — 21,587,990

The UNC Need-Based Student Financial Aid Program currently serves more than 30,000 North Carolina resident undergraduate students. This additional funding is required to hold needy students harmless for increases in the cost of education in 2006-07 and to cover additional students who have been deemed eligible for the program. The Board of Governors requests an additional $21,587,990 for this program in 2006-07.

Academic Salary Increases (5%) — 75,506,625

The Board of Governors is directed by the General Assembly to make recommendations for salary increases for faculty members and other academic personnel who are exempt from the State Personnel Act. In its 2005-07 biennial budget request, the Board requested academic salary increases of 7.5 percent each year of the biennium. Studies continue to indicate that UNC campuses are losing competitive ground with peer institutions in the marketplace for recruiting and retaining high quality faculty. These studies show that the Board's request of 7.5 percent is minimal, and that it would not bring UNC faculty to the average salaries of their peer institutions. The Board gratefully acknowledges the 2 percent salary increase provided by the General Assembly for 2005-06. For 2006-07, the Board requests an increase of 5 percent, to be awarded on a merit basis according to policy adopted by the Board of Governors.

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

The University of North Carolina
Operating Budget Priorities
2006-07

Expanding Teaching and K-12 Education — 21,224,002

The Board of Governors requests that funds related to Expanding Teaching and K-12 Education be appropriated for the programs identified below. Allocations to a campus will be made by the President when he has determined that the Dean of Education for a campus has a planned, coordinated effort to more efficiently and effectively prepare and develop teachers and administrators for North Carolina's public schools.

North Carolina High Need Teacher Scholarship Loan Program — 1,975,000

The North Carolina High Need Teacher Scholarship Loan Program would provide each of the fifteen teacher preparation programs in the University of North Carolina with teacher scholarships for in-state prospective teachers seeking licensure in a high need area identified by the UNC Board of Governors, in collaboration with the N.C. Department of Public Instruction. Funding would provide for 300 scholarships systemwide for freshmen and community college transfer students. The State Education Assistance Authority would administer these funds and work with the Board of Governors to determine the conditions for forgiving the loans and the collection of the loan repayments.

Prospective Teacher Scholars Expansion Pilot for Math and Science — 1,526,620

This program would allow UNC. campuses to recruit approximately 145 non-resident students to become mathematics or science teachers in North Carolina. By agreeing to teach for an equivalent number of years in North Carolina, the students would be charged the in-state tuition rate rather than the non-resident rate. The Board of Governors would establish guidelines and regulations for this pilot program, including methodology for determining its success in increasing the supply of qualified mathematics and science teachers for North Carolina public schools. Funds would be administered by State Education Assistance Authority. Distribution to the campuses would be based upon the production of teachers.

Lateral Entry Scholarship Program — 1,625,000

The proposed Lateral Entry Scholarship Program would be available for individuals with a bachelor's degree and currently teaching in a North Carolina public school under the lateral entry program. To qualify for the scholarship, the recipient must hold an alternative professional license and be enrolled in:

1. an alternative licensure program through a N.C. Community College lateral entry program; or
2. an alternative licensure program through a teacher education program at a constituent institution of the University of North Carolina; or
3. courses at a N.C. Community College or UNC constituent institution to fulfill a program of study approved by one of the North Carolina Department of Public Instruction Regional Licensure Centers.

The scholarship may be used to cover the cost of tuition and fees for courses needed to achieve licensure in North Carolina (up to $2,000 per student for a minimum of 800 students). The North Carolina State Education Assistance Authority (SEAA) would administer the funds and distribute monies directly to the individual college or university where the student is taking the required courses. Regulations for participation and continuation in the program, and the distribution of funds would be established by SEAA in consultation with UNC General Administration and the N.C. Community College System.

The University of North Carolina
Operating Budget Priorities
2006-07

Expanding Teaching and K-12 Education (continued)

UNC/NCCCS Partnership Online 2+2 Joint Initiative — 1,000,000

This request is for recurring funds to be appropriated to the University of North Carolina for the UNC/NCCCS 2+2 E-Learning Initiative for 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 UNC President as to the areas of greatest need, funds would be available to support joint technology development, for 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. Nonrecurring funds have initiated the development of online 2+2 degree programs in elementary education, special education, birth through kindergarten, middle grades education with concentrations in mathematics and science, secondary mathematics education, and secondary science education. Appropriation of recurring funds is needed to continue this initiative in building greater capacity and accessibility to teacher education.

Distance Education Professional Development for Mathematics and Science Education — 500,000 NR

Funding for this budget request reflects support for a multi-campus (ECU, ECSU, & UNCW) distance education professional development initiative focused on support for mathematics and science teachers. The initiative is aligned with the Eastern North Carolina Broadband Initiative serving seven identified high need school districts in northeastern North Carolina. Funds would enable ECSU to design professional development modules that address common threads of learning for grades K-2 (properties of objects and matter) and grades 3-5 (soil, earth, landforms); ECU would design and implement five professional development courses in the areas of Science (grades 6-8), Biology, Physical Science, Chemistry and Earth Science; and UNCW's professional development modules would be specifically designed for teachers not prepared to teach in science and mathematics classrooms due to placement in classrooms that are out of their licensure area (teachers teaching out-of-field). The outcome for this initiative, made possible through technology, would enable replication and broader use of these online professional development modules for school districts in other regions of the state.

Systemwide Request to Increase Support for Student Teaching Field-Based Experiences — 1,100,000

Improved preparation and support of prospective teachers leads to improved teacher quality for all of North Carolina. This request seeks to appropriately fund field-based student teaching courses that require faculty-student ratios smaller than regular courses. Two Board of Governors' Committees – the Special Committee Reviewing the Funding Model for Enrollment Growth and the Committee on Meeting Teacher Supply and Demand – made this recommendation. To provide the necessary field-based supervision, campuses are being asked to reallocate resources to increase the number of faculty providing field-based courses and supervision. These reallocated funds would be used to provide a 1:1 match for creating 30 new positions. The proposed funds would provide the matching fifteen FTEs. Campuses would draw down the match only after they demonstrate that the funds were reallocated within the campus budget to create a new field-based faculty position. Each teacher education program would be matched based on the number of graduates from their respective teacher education program. Outcomes for this initiative will result in greater ability of the teacher education programs to enhance and support field-based student teaching courses and increase the number of teacher education graduates.

The University of North Carolina
Operating Budget Priorities
2006-07

Expanding Teaching and K-12 Education (continued)

New Teacher Support and Mentoring Aimed at Retention — 2,156,382

Insufficient preparation, difficult teaching assignments, multiple class assignments, and a general lack of support are usually identified as major factors in N.C.'s annual Working Conditions Survey that cause beginning teachers to leave the profession. While individually, UNC programs have been providing some measure of services to graduates and alternative licensure program completers who obtain teacher education degrees/licensure and begin the initial licensure process, the University could do more to systematize support during the initial three-year induction period. UNC requests funding for this proposal to assign faculty to assist in mentoring newly employed graduates in partnership schools. By providing ongoing tracking and selected services to prospective teachers completing UNC teacher education programs, the University can grow a new population of teacher mentors for future cohorts of graduates and licensure completers and spur those experienced teachers onto more advanced degrees and National Board Certification. Support for this initiative will ultimately improve services, coordinate collective efforts, and extend outreach to better assist in recruiting, licensing, retaining and further developing a quality teacher base for all of N.C., especially high need districts. A total of twenty-nine non-tenure track clinical faculty positions would be distributed to the fifteen teacher education programs based upon the number of new teachers produced annually and an approved plan for implementing the statewide new teacher induction model. This initiative would result in increased support, mentoring, and retention of newly licensed teachers in partnership schools.

University-School Teacher Education Partnerships – Matching Funds — 750,000

The University-School Teacher Education Partnerships (USTEP) is an initiative of The University of North Carolina that seeks to join universities, community colleges, public schools, and others to work toward improving teacher preparation and public-school education. Through these partnerships, university faculty and public school cooperating teachers and mentors are given opportunities to work collaboratively, broaden interest, depth of knowledge, and affirm professionalism. Specifically, the universities, public schools and other key partners collaborate to: 1) improve initial preparation and continuing professional development programs, 2) support the revitalization and improve public school curriculum, 3) conduct classroom-based research that will be used to improve classroom practice, and 4) share best practices throughout the state. The results continue to bring about important developments in both school and university education. In northeastern North Carolina for example, Wachovia Partnership East (WPE) began in 2002 as the structural outreach to ECU's community college partners. Originally designed as the conduit for 2+2 program delivery, WPE has expanded to include a network of clinical schools and has provided the college of education with a structure around which to offer other distance education (DE) programs such as master's degrees, lateral entry programs, and mentoring /induction models. The USTEP partnership model, as exemplified by WPE, is the conduit for increased enrollments in professional education programs both initial and graduate, expanded partnerships and services to public schools, continued collaborations with community colleges, and increased numbers of lateral entry teachers served. Funds will be provided as a 1:1 match, requiring the leveraging of external grant and corporate support to demonstrate a matching commitment that would be applied to expand and enhance existing partnership activities. A report of the USTEP activities would be required annually. The overarching goal of this initiative is to extend the university's outreach in producing more teachers, and teachers of higher quality for the public schools of North Carolina.

The University of North Carolina
Operating Budget Priorities
2006-07

Expanding Teaching and K-12 Education (continued)

Lateral Entry Teacher Initiative for High Need Areas – UNCC — 500,000

Funds requested for the Lateral Entry Teacher Initiative at UNC Charlotte would be directed toward preparing more qualified teachers in high need fields for North Carolina's classrooms. The initiative responds to the increasing need for high quality, flexible, affordable, and accessible programs of study for lateral entry teachers seeking the teaching license, particularly individuals located in the south-central region of the state. Funding would enable UNC Charlotte to produce at a minimum 200 hundred new teachers in high need fields above current levels on an annual basis. The Initiative would provide a model for combining the strengths of accredited teacher education programs at the university with the "close to home" accessibility of community sites. To sustain initial lateral entry efforts, expand, and offer models for replication statewide, new resources are required. Funds for this initiative would be directed toward support for a recruitment initiative in collaboration with the Charlotte Chamber and partners from business and industry to intentionally recruit professionals in science, mathematics, and technology to teaching careers; hire a full-time director and clerical support for the program; provide instructional support to offer over 30 courses for lateral entry teachers each summer at convenient community sites (including community colleges) on a stable and predictable basis; supplement the face-to-face Summer Institute with online offerings in middle/secondary education and special education during the academic year to increase access for candidates throughout the region; provide ongoing mentoring to lateral entry teachers in their first three years of service; develop a replicable model of mentoring for this mature population of new teachers; and evaluate effectiveness of recruitment strategies and professional preparation and induction programs for Lateral Entry Teachers. Support for this collaborative outreach to lateral entry teachers would be an important step in responding powerfully to the teacher shortage.

Pilot New Teacher Induction Model – ECU — 1,321,000

The College of Education at East Carolina University (ECU) proposes a teacher and administrator induction program for all of Bertie and Halifax County Schools. The pilot would begin with an assessment of the current mentoring status in both school districts, which would be done in cooperation with the district superintendents. Once the initial assessment is complete, a collaborative district-wide induction model would be designed for each district that is aimed at improving new teacher retention during their first three years of service. This initiative is designed as a three year pilot.

Pilot New Teacher Induction Model – WCU — 500,000

Western Carolina University's Project START (Supporting, Training, And Retaining Teachers) is a collaborative partnership among the College of Education and Allied Professions, the College of Arts and Sciences, the Center for the Support of Beginning Teachers, Asheville City, and Jackson County Schools. The goal of the project is to improve retention rates and teacher quality by supporting new teachers as they make the transition from pre-service training to application in the real-world classroom. *Project START* strengthens beginning teacher support programs by providing release time for full-time coaches who would work with university faculty and classroom teachers to ensure beginning teacher needs are met. Web-based e-mentoring allows *Project START* new teachers to share resources, lesson plans, instructional strategies and classroom management tips with colleagues from schools in both systems – building a community of learners outside the constraints of geography. This initiative is designed as a three year pilot.

The University of North Carolina
Operating Budget Priorities
2006-07

Expanding Teaching and K-12 Education (continued)

Summer Ventures in Science and Mathematics — 1,250,000

The need to better prepare and attract academically talented students into careers based in science and mathematics, including the teaching profession, is an educational priority for North Carolina and the nation. Summer Ventures in Science and Mathematics (SVSM) is an inter-institutional program of the University of North Carolina System that targets rising high school juniors and seniors. Participating campuses include ASU, ECU, NCCU, UNCC, UNCW and WCU. The North Carolina School of Science and Mathematics (NCSSM) administers SVSM and has completed a 10-year program review. Findings indicate 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 N.C. income tax. The six campuses currently participating in the SVSM program are serving approximately 70 students per site. The SVSM program would like to increase the number of students being served from 70 to 120, which would be an addition of 50 students per site or 300 additional students statewide. Funds are requested to support this expansion. This initiative would result in building a pipeline to science and mathematics professions, including teaching.

DESTINY Lab – UNC-CH — 2,000,000

DESTINY serves North Carolina with a team of educators and a versatile fleet of vehicles, including Destiny and Discovery – two 40-foot buses equipped as traveling science laboratories. Since 2000, DESTINY has served 97 counties, 104 school systems, 341 schools, more than 1000 educators, approximately 30,000 students. Aligned with National Science Education Standards and the North Carolina Standard Course of Study, Destiny's programs engage students' imaginations, spark their interest in science, and provide teachers with curricula for classroom use. Funding in this budget request would support collaboration with additional partners statewide to develop more learning experiences and teacher development programs. Key partners would include NCSU's Science House, the N.C. Grassroots Science Museum Collaborative, MSEN, and N.C. teacher education programs. Another key to DESTINY's success will be enhanced collaboration with UNC-CH partners, such as the Morehead Planetarium and Science Center, the Carolina Environmental Program, LEARN NC, the Center for Mathematics and Science Education, and faculty in the sciences. Funds for this initiative would provide an additional traveling laboratory and permit service to all regions of North Carolina, expansion beyond Destiny's current focus on high school biology to new programs focused on other sciences and grade levels, and establishment of a statewide database that assesses impact data on student achievement and attracting more students into science disciplines and into career paths for mathematics and science teaching.

Science, Technology, Engineering and Mathematics (STEM) Education – NCSU — 2,000,000

The Board of Governors requests funding to allow NCSU to improve the production, retention and quality of STEM teachers by enhancing efforts through partnerships with N.C. teacher education programs, public schools, and community colleges to increase the numbers of students graduating in the STEM disciplines as well as the overall goal of attracting more students into STEM disciplines, key to competitiveness in a global economy. This initiative is aimed at strengthening programs that will complement the Science House and the Kenan Fellows Program at NCSU and coordinate programs with UNC-CH's DESTINY program. Support for this STEM initiative is critical for public school teacher supply and retention in the high need areas of science and mathematics and would provide expanded service to 8,000 teachers and 40,000 students annually. Through this STEM initiative, NCSU would produce 50 new STEM-focused elementary education teachers and double the number of mathematics teachers produced annually from 40 to 80.

The University of North Carolina
Operating Budget Priorities
2006-07

Expanding Teaching and K-12 Education (continued)

Pilot Initiative to Recruit, Prepare, Mentor, and Differentially Reward Select Mathematics Teachers in High Need Schools — 2,100,000

The Board of Governors requests funding to support a pilot initiative with at least four of the rural high need school districts that were originally included in the Leandro court case: Hoke, Halifax, Robeson, Cumberland, and Vance Counties. The pilot would recruit, prepare, mentor and differentially reward up to 90 mathematics teachers licensed at the secondary level or licensed in middle grades with a concentration in mathematics. Retaining teachers in high-need subject areas such as mathematics is particularly difficult in a state where there are high-tech industries to employ science or mathematics graduates and the industries can easily exceed current teacher salaries. Essential information about preparing to be a teacher through traditional and alternative routes has not been consistently available, particularly in those LEAs with an unstable workforce and most understaffed personnel offices. Funds would be used to make improvements in services and outreach that would better assist in recruiting, licensing, retaining and further developing a quality teacher base for these high need districts. This pilot initiative would further explore and study market differentials for public school teacher's salaries in high need licensure areas and how such a market rate might be applied and justified.

Mathematics and Science Education Network — 670,000

The Federal *No Child Left Behind* legislation has placed intense demands on improved mathematics and science teaching and learning, as well as on closing the achievement gap between majority and minority students. These demands have increased teacher accountability for improved student performance well beyond that of the state's ABC Accountability Plan. High-quality, ongoing professional development is indispensable in order for teachers to meet the expectations to have strong mathematics and science content and pedagogical content knowledge and also to engage and motivate students through high expectations and inquiry-based teaching. In addition, it is important to prepare more under-represented students to pursue college studies in science and mathematics. The Mathematics and Science Education Network (MSEN) works with students, grades 6-12, to do this through research-based, structured interventions. The MSEN and MSEN Pre-College Program are therefore positioned to help school districts, teachers and students with these challenges. The additional funds requested for these programs would be used to create a new MSEN Center or Pre-College Program, or to expand and enhance the services of existing Centers, based upon an evaluation of effectiveness. The requested funding would also provide for two additional MSEN Pre-College Program sites (located at ECU & WCU).

Initiative to Improve the Management and Leadership Skills of Principals in High Need Schools (Principals' Executive Program) — 250,000

Through this initiative, the Principals' Executive Program (PEP) would enhance and link its Instructional Leadership Reform Program to provide focused support in meeting the needs of the recently identified nineteen high schools under Judge Manning's ruling, and the high need schools and districts in the "Pilot Initiative to Recruit, Prepare, Mentor, and Differentially Reward Select Mathematics Teachers in High Need Schools." Using University funds to begin in summer 2006, PEP would provide a customized professional development program and a coaching/mentor component that provides assistance at the school level. Important components of this overall initiative are teacher recruitment and retention in responding to the Governor's Teacher Working Conditions Initiative Survey and the application of a value-added evaluation process of the leadership development. Data driven decision-making is a primary strategy for this school-based reform initiative.

The University of North Carolina
Operating Budget Priorities
2006-07

Expanding Nursing and Health Care — 19,138,871

Temporary Space – Pharmacy Program – ECSU — 43,000

The General Assembly appropriated $28 million for capital construction costs associated with the construction of a permanent Pharmacy Classroom and Laboratory Instructional Facility. In order to meet the need to open the joint UNC-Chapel Hill - ECSU Pharmacy Program, the university acquired six modular units via lease ($43,000 per year) to temporarily house the Pharmacy Program until the permanent facility could be constructed. ECSU is currently paying for the lease from operating funds for the program, which limits the Pharmacy program's ability to acquire needed supplies, instructional materials and software. Therefore, the request is to cover the lease until such time that the permanent building is completed.

Indigent Care Reimbursement – ECU — 2,500,000

The Board of Governors requests funding for the ECU Brody School of Medicine to partially compensate the School for the cost of providing significant levels of service to uninsured patients. Since its opening, ECU's School of Medicine has accepted all patients, irrespective of ability to pay. Last fiscal year, two-thirds of the patients treated at Brody were covered by Medicare, Medicaid, or had no insurance.

Area Health Education Centers (AHEC) Expansion – UNC-CH — 3,731,506

The Board of Governors requests additional funds for AHEC in six crucial areas: Special Initiatives to Address Health Workforce Shortages (Allied Health, Dentistry, Nursing, and Pharmacy); Latino and Workforce Diversity Initiatives; Primary Care Residency Training; Information Technology; Mental Health Reform & Health Care Quality Initiatives; and the Council for Allied Health in North Carolina.

AHEC Expansion to Elizabeth City – UNC-CH — 1,000,000

The Board of Governors requests funding for the establishment of a new Area Health Education Center (AHEC) in Elizabeth City. This new facility would serve an area of the state that has significant disparities in health outcomes. Currently, the closest operational AHEC facilities are in Rocky Mount and Greenville. The facility would also address this issue of access.

Translational Medicine – UNC-CH — 2,500,000

This program was initiated in 2005-06 at the level of $1 million, with the goal of the program being to stimulate translational research and thereby speed the development of new drugs, therapeutic strategies, devices, and/or diagnostics. This is accomplished by identifying and supporting new teams of investigators who are ideally positioned to collaborate on studies that will take novel therapeutics from the laboratory and develop them for human use. The Board of Governors requests an additional $2.5 million for this program in 2006-07.

CASTLE/CCCDP Program – UNC-CH — 350,000

The Center for Acquisition of Spoken Language Through Listening Enrichment (CASTLE) is a program developed and directed by the Carolina Children's Communicative Disorders Program (CCCDP) and is within the Department of Otolaryngology/Head & Neck Surgery at UNC-CH. CASTLE provides direct preschool and individual auditory/oral intervention to children who are deaf and hard of hearing, as well as their families. The goal is to not only directly teach the children, but to also teach parents how to facilitate spoken language at home. The Board of Governors requests $350,000 to expand this program.

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Expanding Nursing and Health Care (continued)

Nurse Scholars Program Expansion — 2,750,000

Funding is requested to increase awards for the Nurse Scholars Program from $5,000 to $6,500 per year, to begin to include master's degree students, and to increase the current number of awards. Further changes to the Nurse Scholars Program are a part of the Board of Governor's Non-Budget Legislative Agenda.

Faculty Production – Graduate Nurse Scholarship Program — 1,200,000

One of the major impediments to increasing the number of nurses produced in North Carolina is the shortage of faculty for nursing programs in both the community colleges and the universities. This request is for funding to establish a Graduate Nurse Scholarship Program that would fund up to two years of study for a master's student and up to three years of study for a doctoral student. Students seeking a master's degree in nursing education or a master's in another area of nursing related to teaching would be eligible for a $15,000 scholarship loan per year for up to two years if the student commits to teach at a North Carolina community college for one year for each year the award is received. Students seeking a doctoral degree in nursing would be eligible for a $15,000 scholarship loan per year for up to three years if the student committed to teaching in a public nursing program in North Carolina for one year for each year the award is received. The scholarship would have to be repaid if the recipient did not meet the work requirement.

AHEC – Expansion to Improve and Expand Nursing Clinical Education — 600,000

This request is for funding to go directly to AHEC to support initiatives to improve, expand, and rationalize clinical sites in North Carolina for use by the community colleges, the campuses of UNC, and other providers of nurses in North Carolina. Among the initiatives AHEC is planning are: a state-wide summit on clinical education involving all stakeholders to map a state-wide plan for nursing clinical education in North Carolina, to be followed by regional conferences to put the plan into effect; grants to potential clinical sites to upgrade technology to clinical training level; grants to nursing programs for innovative initiatives in clinical education, particularly the use of technology to prepare students for more efficient and effective use of clinical sites; and a pilot program to place clinical faculty at selected sites to serve multiple programs.

Systemwide Request to Fund the Clinical Component of Nursing at a Higher Level — 3,614,365

The 2005-07 biennium budget included a request to fund nursing clinical teaching hours at a higher level than was the case previously. This was based on an analysis of the cost of nursing education nationally, which showed that nursing education per credit hour was as costly as engineering. The clinical aspect is the most costly part of this. One aspect that makes it so costly is the Board of Nursing mandated 10/1 student/faculty ratio for clinical courses. The actual ratios are much lower in many instances due to safety concerns at a site. UNC-General Administration calculated the additional cost of funding all UNC nursing clinical hours at a level compatible with national cost data. Rather than request funding for the entire basis of the funding model, the Board of Governors requests that funds be provided for the portion for hiring more clinical faculty, a total of $3,614,366. Updates were also made for changes in data that have been determined since the biennial request was developed. For existing nursing programs, these funds can be the basis for the expansions necessary to achieve the aggressive plan the Board of Governors has adopted for the UNC nursing

The University of North Carolina
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Expanding Nursing and Health Care (continued)

Systemwide Request to Fund the Clinical Component of Nursing at a Higher Level (continued)
programs to double the number of prelicensure nursing graduates by 2009-10. Programs need to hire additional faculty immediately. Specifically, this funding would allow the programs to hire approximately 37 more clinical faculty to break the bottleneck that has limited the size of programs and provide additional support for the clinical component. The Board of Governors would allocate these funds based on a plan from each program that would show that the program currently is using its funds in an efficient and effective way and how each program would increase the production of nurses.

Funding for New BSN programs — 850,000
The Board of Governors requests funding to support two new Bachelor of Science in Nursing programs (at FSU and UNCP) and ASU's new RN to BSN program. Nursing programs are very expensive to begin, and these programs could expand more rapidly if some initial funding were made available, in order to more quickly provide for faculty hirings, purchase of equipment, and other necessities.

Research and Jobs — 19,318,697

Biomanufacturing Research Institute and Technology Enterprise (BRITE) Operating Funds – NCCU — 2,500,000
NCCU currently has approximately $2.5million in operating funds for the Biomanufacturing Research Institute and Technology Enterprise (BRITE) program, to support the capital funding investment made by the Golden LEAF Foundation. The Board of Governors requests an additional $2.5 million in operating appropriations for this program - funding would enhance programmatic activities, including hiring faculty and staff, program development, and equipment purchases.

Biomanufacturing Training and Education Center (BTEC) – NCSU — 2,000,000
The Board of Governors also requests additional funding to support the Biomanufacturing Training and Education Center (BTEC) at NCSU. The Golden LEAF Foundation provided $33.5 million for capital expenditures. These additional recurring funds for operating costs would provide for basic operational support, the development of curriculum, and for the procurement of equipment. $2.9M in operating funds were appropriated during the 2005 legislative session. This additional amount would complete the current funding requirements in operating funds for BTEC.

Center for Rapid Prototyping – WCU — 1,758,697
The Board of Governors requests funding for WCU's Center for Rapid Prototyping, created in the spring of 2002 as a vehicle for engagement with regional industries. Current capabilities allow for the generation of physical prototypes out of a variety of materials using CAD model, CNC, and automated prototyping machines. The Carolinas MicroOptics Triangle is a regional research alliance of Clemson University, Western Carolina University and the University of North Carolina at Charlotte. The three universities will target basic research, manufacturing processes, and student education. This initiative will assist industries that manufacture optoelectronic and photonic components. Funding is requested to provide for additional staffing and equipment for the Center for Rapid Prototyping, as part of WCU's collaboration with the Carolina MicroOptics Triangle.

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Research and Jobs (continued)

Economic Development Partnership Initiative – NCSU — 900,000

NCSU's Economic Development Partnership Office has developed a model program with the Wake County Economic Development Commission that has allowed for a close relationship between key faculty and the Commission. The Commission's strategic goals of attracting new industries in the fields of advanced textiles and biotechnology is based on a precision marketing program centered on the university. Funding would be used to model this successful program of partnership development in other areas of the state. These funds would provide support for the New Business Creation Initiative (NBCI), which will identify intellectual property developed at the university and advance the business opportunities for the intellectual property. Funding would provide for workforce preparedness in the areas of globalization and its impact on North Carolina's economy. This effort would focus on assisting North Carolina companies with ties to east Asia navigate economic and cultural difference, specifically with Japan and China, as well as with other countries.

Research Campus at Kannapolis — 5,000,000

The Board of Governors requests funding for the University's involvement in the Kannapolis Research Campus, located at the site of the old Cannon Mills headquarters. The campus would be the centerpiece of a public-private partnership, principally between the State of North Carolina, including several UNC institutions, and Mr. David Murdock and his companies (Dole Foods and Castle & Cooke, Inc.). It is anticipated that state funding for this project will need to be increased incrementally over a period of five years. At this time, $5 million in recurring funds and $1 million in nonrecurring funds are requested for 2006-07. The Board of Governors asks that the Governor and General Assembly indicate a commitment to provide additional funding contingent upon the accomplishments of project milestones. — 1,000,000 NR

Hickory Center for Engineering Technology — 660,000

The Board of Governors requests state funding to support the use of two adjoining buildings in Hickory for the development of Engineering Technology programs. Local supporters have raised funds to purchase two former Corning Research and Development buildings. The funds raised by the community will cover the purchase of the facilities, and also some of the redesign and renovation of the buildings and necessary equipment purchases. UNCC would be the fiscal agent for the facility and take the lead in coordination of programs with and advisory committee, including ASU, WCU, and General Administration. For an area that has been so severely affected by job losses, the Center is envisioned as a place that could function to support and stimulate economic development in the region. While some initial proposals envisioned a stand-alone Center, the Board of Governors recommends that the Hickory Metro Higher Education Center and the community colleges in the area be included in the development of a joint long-range plan for providing higher education in the greater Hickory area. — 1,100,000 NR

Research – Development Fund — 4,000,000

Funding is requested to support the creation of a research investment program under which each constituent institution would receive a share of a research investment program pool based upon that institution's annual research activity. Because needs and requirements vary amongst the institutions, this option would enable individual campuses to choose where to focus resources so as to achieve the greatest effect. Similar approaches have proven successful in South Carolina, Illinois, and Indiana.

The University of North Carolina
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2006-07

Research and Jobs (continued)

Expand HUB Contractor Academies — 400,000

The Board of Governors requests state funding to continue and expand the HUB Contractor Academy program. HUB Academies provide opportunities for minority contractors to learn strategies for successful participation in public construction projects. Because of the success of the HUB Academies offered in 2004-06, minority contractors' desire and demand for these programs has increased. The Board of Governors requests $400,000 to support this initiative.

Assisting Focused Growth & Special Needs Institutions — 10,000,000

The Board of Governors requests an additional $1 million each for the seven Focused Growth Campuses (ECSU, FSU, NCA&T, NCCU, UNCP, WCU, & WSSU). This funding would be used to increase student retention and graduation rates at those universities. Furthermore, the Board of Governors requests $750,000 in recurring Special Needs funding for NCSA and UNCA, and an additional $750,000 in recurring funds for equipment on those two campuses.

Expanding Summer School — 1,455,000

The Board of Governors would like to encourage campuses to offer additional courses during the summer term. Currently, summer instruction must be funded through tuition receipts, which results in higher tuition charges during the summer, discouraging students from taking those courses. Funding is requested to support two pilot summer programs at FSU and UNCW. The FSU program would be a broad summer term pilot, including teaching, nursing, business administration and natural science courses. UNCW's Pilot Program would focus exclusively on teacher education. By making additional courses available at a more typical tuition rate, UNCW's Watson School of Education anticipates that prospective teachers would be able to complete a program in three years and those without certification could gain it through licensure-only programs. UNCW intends to emphasize certain high need teaching areas in this pilot project. Funding for this initiative would allow the University to pilot summer term in a manner that is more similar to regular academic year programs, thereby increasing the utilization of facilities and providing a basis for further review of the trimester schedule.

Enhance Recruitment of Outstanding Graduate Students — 10,475,839

The Board of Governors requests additional funding for graduate students in order to enhance the competitiveness of UNC institutions who are working to attract the best and brightest minds to live, study and work in the State of North Carolina. These funds would be used to offer graduate tuition awards that cover the difference between in-state and out-of-state tuition. The 1999 legislative session was the last time that the number of these awards was increased by the General Assembly. Since then, most UNC institutions have added new graduate degree programs and increased in their total graduate student enrollment. Funding is requested for an additional 900 graduate tuition awards, to be distributed to UNC campuses based on the number of new graduate programs since 1999, the number of graduate degrees awarded, the non-resident graduate population, and the sponsored research funding.

The University of North Carolina
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Matching Funds/Other Programs — 8,878,869

Matching Funds – NCA&T Agricultural Programs — 1,300,000

Based on requests from the Board of Governors, the General Assembly has authorized funds for the past several years so that NCA&T's School of Agriculture and Environmental Sciences could achieve the mandated matching funds imposed by the federal Agricultural Research, Extension, and Education Reform Act of 1988. This additional funding is required to achieve the current federal requirement of one-hundred percent matching money from the state.

Judicial College – UNC-CH — 750,000

The Board of Governors requests additional funds for the UNC-CH School of Government's Judicial College. The program provides continuing education to judicial officials in North Carolina, including appellate judges, superior and district court judges , prosecutors, defenders, magistrates, clerks of court, and other judicial branch employees, in various areas of law and justice.

North Carolina in the World Project – NCCIU — 200,000

In 2005-06, the General Assembly appropriated $200,000 in nonrecurring funds to the North Carolina Center for International Understanding's project, "North Carolina in the World: A Plan to Increase Student Knowledge and Skills about the World." The Board of Governors requests that this funding be made permanent (recurring).

Libraries – Joint Purchasing and Licensing of Electronic Materials — 500,000

The Board of Governors requests funds for a University-wide collaborative model in which every student, faculty member, researcher, and staff member in each UNC institution would have equal and unlimited access to a carefully selected collection of electronic resources and databases in high-priority disciplinary areas. Collective purchase of electronic resources would provide a consistent and stable digital library to support the development and success of: (1) high-priority programs and curricula in nursing, allied health sciences, math and science education, biotechnology, and related fields; and, (2) distance education and collaborative instructional initiatives, such as interinstitutional partnerships among universities, community colleges, and emerging entities such as the Kannapolis Biotechnology Campus, and the development of associated online learning modules. The funds would also be used for licensing at the system level. The University could increase the amount of information available to students and faculty at far less cost than if each institution were to license its resources individually. Other consortial experience has demonstrated that every $5 invested can net as much as $25 worth of content while also saving staff time in negotiating, licensing, managing, and hosting resources.

The University of North Carolina
Operating Budget Priorities
2006-07

Matching Funds/Other Programs (continued)

RESERVE – Fiscal Impact of Statutory Changes — 5,900,000
228,869 NR

The following items are included in the Board of Governors' 2006 Non-Budget Legislative Agenda. If enacted, these items would have a fiscal impact on the State Budget. The impact for all items is noted, and for items effective July 1, 2006, it is recommended that a reserve be established for 2006-07.

Tuition Remission Exchange Program – The request would implement a tuition remission exchange program between the University and the Community College system. If enacted, the program would require a maximum appropriation of $7.7 million for tuition and $12.9 million in enrollment changes for Community College employees to take courses at the University; and, $1.3 million for tuition and $3.2 million for University employees to take courses at the Community Colleges. It is recommended that the program be enacted effective July 1, 2007. If enacted, the Board of Governors and the North Carolina Community College System will request an appropriate level of funding as part of the 2007-09 budget requests.

Immediate (or 1-year) Vesting in the Optional Retirement Plan – This request would provide immediate (or 1-year) vesting in Optional Retirement Plan for EPA employees in order to make compensation packages more competitive with University peers. The maximum reduction of available balances in State Retirement System would total $806,300.

Parental Savings Trust Fund – This item would amend GS 105-134.6 and GS 116-209.25 to allow taxpayers who make contributions to the Parental Savings Trust Fund to deduct all, or a portion of, their total contributions in calculating N.C. taxable income for any given tax year beginning in 2006. If enacted, the provision would result in a recurring reduction of General Fund Revenues of $1.3 million.

Parking Fines Assessment – This recommendation would modify the General Statutes to allow for the recovery of parking fines assessed on the campuses that are currently being reverted to the General Fund. If enacted, the provision would result in a recurring reduction of General Fund revenues of $4.6 million.

Exemption from Sales Tax – This request would provide that organizations, including disregarded entity limited liability companies, that are recognized by the Internal Revenue Service as charitable organizations, exempt from taxation under Section 501(a) of the Internal Revenue Code, shall be exempt from paying sales tax in connection with providing student housing and other educational facilities. If enacted, the provision would result in a one-time reduction of General Fund revenues of $228,869.

The University of North Carolina
Operating Budget Priorities
2006-07

Improvements to Information Technology — 32,725,000

Campus IT Infrastructure Update ($250,000 for each campus) — 4,000,000

The Board of Governors requests funding in the amount of $250,000 for each campus, in order to allow each institution to designate and fund its highest priority information technology need. Each institution has differing needs, and this approach would allow each Chancellor to determine an annual expenditure in information technology that is of the most importance.

Data Center Consolidation and Disaster Recovery — 6,000,000

Since Hurricane Katrina devastated colleges and universities in New Orleans and the Mississippi Gulf region, UNC institutions have elevated concerns regarding the University's capacity to protect critical information technology (IT) assets and sustain instruction and administrative activities in the midst of a natural disaster or other crisis situation. Four themes emerged from system-wide discussions: protecting critical IT resources from loss or destruction as a result of an unanticipated event, disaster or other crisis situation; restoring critical IT resources after such an event, disaster or crisis; ensuring the availability of critical IT resources which support the mission of the University; and positioning critical IT resources so that they can be shared by constituent institutions and other partners across the state and the nation. UNC campus IT administrators, working with UNC General Administration, have developed a strategy to move from a highly decentralized approach to disaster recovery to a more uniform and centralized approach. In addition, several campuses are taking advantage of opportunities to achieve additional economies of scale while sharing data center and technical resources and consolidating hardware assets where practical. These funds would enable campuses to update aging IT infrastructure and to acquire back up and recovery resources, crisis communications software, centralized staff and data center services to address unmet disaster recovery needs and transition to increased consolidation of data center operations for critical University applications.

RESERVE – Renaissance Computing Institute (RENCI) – Operations — 11,525,000

11,200,000NR

The Renaissance Computing Institute (RENCI) and the University of North Carolina General Administration have a unique opportunity to partner with IBM and bring to North Carolina a first-of-its-kind ultrascale computing platform, the IBM BlueGene/P. The partnership, known as the IBM BlueGene Initiative can help transform North Carolina so the state can compete and prosper in the knowledge economy, now and in the future. Based on wide-ranging discussions with N.C. industry leaders and higher education institutions, the Initiative was shaped around four components: Establishing the world's largest unclassified computing system; Building an enabling infrastructure; Recruiting the human talent; and Establishing systemic outreach to all North Carolina citizens. The University supports North Carolina making a one-time investment of $47 million to enable the state to move from the bottom to first place in the world by having the largest supercomputer of its kind. As a companion to the state's investment, the University requests one-time funding of $11,200,000 to build the enabling infrastructure for RENCI and several UNC campuses.

In order to leverage the state's investment and achieve the full objectives of this initiative, the University requests $11,525,000 in recurring funds to contract with RENCI for staff support and computer operations; computing equipment and storage for UNC campuses and funds to support collaboration with community colleges and other N.C. institutions.

These funds will be held in reserve, pending further review.

REVISED

University of North Carolina
Capital Budget Priorities – Summary

Institution	Description	Requested 2006-07
UNCW	School of Nursing	$27,000,000
NCSU	Engineering Building III Complex – Centennial Campus *	86,000,000
	Coastal Studies Institute (ECU, ECSU, NCSU, UNC-CH, UNCW)	30,000,000
UNCC	Center City Classroom Building	45,827,389
UNC-CH	Science Complex South – Genomic Sciences Building	145,000,000
UNC-CH	Alfred Mann Institute (contingent on award) *	25,000,000
ASU	College of Education Living Learning Academic Building – Planning	1,820,000
ECSU	Parking Lots and Street Repair – Planning	98,800
FSU	Science & Technology Complex – Planning	1,144,000
NCA&T	General Classroom/Instructional Facility – Planning	1,040,000
NCCU	Complete Repairs to Steam Line – Planning	332,800
NCSA	Library – Planning	1,258,400
UNCA	Rhodes Hall – Comprehensive Modernization – Planning	416,000
UNCG	Academic Classroom & Office Building – Planning	2,279,028
UNCP	New Residence Hall – Planning	1,040,000
WCU	New School of Health and Gerontological Sciences Building – Planning	2,402,661
WSSU	Student Activities Center – Planning	768,225
ASU	Allied Health and Nursing Building – Planning	2,080,000
ECU	Shared Academic Building (Colleges of Business and Education) – Planning	4,409,600
ECSU	Upgrade Main Electrical Service Entry – Planning	104,000
FSU	Conversion of Lyons Science Bldg to General Classroom Building – Planning	182,000
NCA&T	Biotechnology Building (Bio-engineering, Bio-Medicine, Bio-Agriculture) – Planning	1,300,000
NCCU	School of Nursing – Planning	1,300,000
NCSA	Central Storage Facility – Planning	165,386
NCSU	Centennial Campus Library – Planning	5,928,000
UNCA	Lipinsky Hall – Comprehensive Modernization – Planning	390,000
UNCC	Research Facilities, Phase 2 – Planning	2,553,824
UNCG	Nursing Wing – Moore Building – Planning	1,421,778
UNCW	Scientific Laboratory Building – Planning	1,539,200
WCU	New Education and Allied Professions Building – Planning	2,089,710
WSSU	Hill Hall Comprehensive Renovation – Planning	312,000
UNC Hlth Care	Master Facility Plan	3,000,000
	Systemwide Reserve – Land Acquisition	10,000,000
	Reserve – Plan for Dentistry	7,000,000
	TOTALS	**415,202,801**

** Total construction amount subject to agreements concerning intellectual property rights and other funds.*

University-wide Facilities

In 2005, the Board of Governors prepared and presented to the General Assembly a comprehensive six-year plan and request for capital improvements. As enrollment grew and missions changed to reflect new degree programs, as well as the Higher Education Bond program moving into the construction phase of implementation, it was appropriate that the Board present a revised six-year capital plan to the legislature.

The 2005 six-year plan for capital improvements was built upon those projects originally planned for the second phase of the Board's ten-year plan adopted in 1999. In preparing the requests, campuses were instructed to review their institutional plans and make amendments to reflect changes in growth and other needs since 2000.

For an orderly progression of the University's capital improvements program, it is recommended in 2006-07 that full construction funding be appropriated for projects previously authorized for design. It is further recommended that planning funds be appropriated for all other top-priority projects. The 2007 General Assembly will be asked to consider construction funding for those projects planned in 2006-07.

APPALACHIAN STATE UNIVERSITY

The projects requested to be funded by the state for ASU are listed below in the Chancellor's priority order.

College of Education Living Learning Academic Building – Planning – $1,820,000
Funds would provide the College of Education with approximately 120,000 square feet to be constructed along with a 400-bed residence hall to create a "living learning" center focused on teacher education. ASU has projected enrollment of more than 2,500 students involved in teacher education over the next five years. The facility would contain 24 classrooms, six computer labs, offices for faculty and staff, clinical space to serve the program needs related to counseling and communication disorders, and adequate space to serve a rapidly expanding federal and state grant program. The total project amount is $35,000,000.

Allied Health and Nursing Building – Planning – $2,080,000
The facility would be developed in concert with the Watauga Regional Medical Center, which has agreed to donate sufficient land. The building will contain approximately 135,000 square feet and will provide a central location for the approved College of Nursing and the consolidation of other academic and research programs in Allied Health. This facility would provide a much needed enhancement of both the quality and quantity of health-related higher educational opportunities available in Western North Carolina. The total project amount is $40,000,000.

EAST CAROLINA UNIVERSITY

The projects requested to be funded by the state for ECU are listed below in the priority order of the Chancellor.

School of Dentistry – distributed sites and campus facility
Pending Further Review – The project would consist of a 112,500 square-foot School of Dentistry Building at ECU expected to cost $48,000,000 and ten patient-centered clinics located in selected rural and possibly other underserved areas of the state. The clinics would provide care to primarily low income, underserved patients. The clinics are estimated to cost $3,000,000 each. Funds for this project would be held in reserve pending further review of the establishment of a dental school at ECU. The total cost of this project is $78,500,000.

Shared Academic Building (Colleges of Business & Education) – Planning – $4,409,600
The project would provide for the construction of a 225,000 square-foot building that would include offices, classrooms and meeting spaces to meet the needs of expanding programs and enrollment growth. The two units proposed to occupy the new space are the Colleges of Education and Business, both of which have experienced significant growth and have capacity needs beyond their current building space. The relocation of these two academic units would vacate a significant amount of existing campus space, providing space for other academic units that have also experienced similar growth. The project would also include a new utility plant. The total cost of this project is $84,800,000.

ELIZABETH CITY STATE UNIVERSITY

The projects requested to be funded by the state for ECSU are listed below in the priority order of the Chancellor.

Parking Lots and Street Repair – Planning – $98,800
In keeping with ECSU's master plan and to accommodate enrollment growth, the university would use funds to remove an existing communications tower, resurface deteriorated campus roads, construct 1,200 parking spaces, improve drainage, and provide appropriate pedestrian access in accordance with the Americans with Disabilities Act. The total cost of this project is $1,900,000.

Upgrade Main Electrical Service Entry – Planning – $104,000
ECSU's main electrical service system is over 30 years old and in need of replacement. This upgrade would supply sufficient electrical power to the southern loop of the campus. The upgrade would also allow the university to participate in a load management energy conservation program offered by its electrical provider. The total cost of this project is $2,000,000.

FAYETTEVILLE STATE UNIVERSITY

The projects requested to be funded by the state for FSU are as follows in the priority order of the Chancellor.

Science and Technology Complex – Planning – $1,144,000
The proposed facility would serve as the hub for a new science and technology complex on campus. The facility would replace Lyons Science Building as the principal science facility on campus. It would include laboratories, classrooms, research areas, faculty offices, and meeting space to help the campus meet the demands of increased enrollment and to offer science and technology instruction to 21st century standards. The total cost of this project is $22,000,000.

Conversion of Lyons Science Building to General Classroom Building – Planning – $182,000
After the currently inadequate Lyons Science Building is replaced, this 76,000 square foot facility would be renovated and reconfigured to serve as a general classroom building. The renovation would include telecommunications upgrade, electrical, plumbing and other infrastructure systems improvements. The total cost of this project is $3,500,000.

NORTH CAROLINA A&T STATE UNIVERSITY

The projects requested to be funded by the state for NCA&T are as follows in the priority order of the Chancellor.

General Classroom/Instructional Facility – Planning – $1,040,000
The proposed interdisciplinary facility would provide classroom space to meet the needs of NCA&T's growing student body. The facility will be equipped with technology capabilities, distance learning classrooms, auditoriums, large and medium tiered classrooms and computer labs. The facility will enable the university to continue to provide courses in accordance with its mission. The total cost of this project is $20,000,000.

Biotechnology Building (Bioengineering, Biomedicine, Bioagriculture) – Planning – $1,300,000
The proposed facility would enable NCA&T to support ongoing and expanding research activities in bioengineering, biotechnology and biomedicine. NCA&T's biotechnology program is interdisciplinary and will incorporate research activities currently housed in the College of Engineering, College of Arts and Sciences, and School of Agriculture and Environment Sciences. The total cost of this project is $25,000,000.

NORTH CAROLINA CENTRAL UNIVERSITY

The projects requested to be funded by the state for NCCU are listed below in the priority order of the Chancellor.

Complete Repairs to Steam Lines – Planning – $332,800
This project would complete the needed replacement of underground steam lines/tunnels (approximately 60% of the campus total) that was funded in the 2000 Higher Bond Program. The steam lines, over time, have deteriorated significantly causing a reduction in condensate return, thereby increasing the University utility bill for boiler maintenance. In addition, these cracked and broken steam lines vent from manholes around campus causing a significant safety concern. The total cost of this project is $6,400,000.

School of Nursing – Planning – $1,300,000
This project would provide for the construction of a classroom with labs, common areas, and supporting infrastructure for the School of Nursing. The School has experienced rapid enrollment growth in recent years and the campus plans to expand this program to help address the statewide shortage of nurses. The current Nursing Program is expected to exceed the capacity of its current building in the next several years. The total cost of this project is $25,000,000.

NORTH CAROLINA SCHOOL OF THE ARTS

The projects requested to be funded by the state for NCSA are listed below in the priority order of the Chancellor.

Library – Planning – $1,258,400
The current library on the NCSA campus is only 33% of the size recommended by the Southern Association of Colleges and Universities and other National Educational Library Associations and is in poor condition. The proposed new library would provide the necessary space for books, periodicals, and other reference materials and a fully functional environment for the utilization of these resources by students and faculty. The total cost of this project is $24,200,000.

Central Storage Facility – Planning – $165,386
This project would include the construction of a 50,000 square foot commercial storage facility. The school generates a tremendous need for storage space unique to the academic environment of a performing arts conservatory. Each classroom activity and performance has the potential to generate valuable props, costumes and specialty equipment that require a controlled climate to retain their value and extend their useful life cycle. This facility will provide the school with a professional and reliable means to protect and manage these assets. The total cost of this project is $3,180,500.

NORTH CAROLINA STATE UNIVERSITY

The projects requested to be funded by the state for NCSU are listed below in the priority order of the Chancellor.

Engineering Building III Complex – Centennial Campus – $86,000,000
The project would allow for the continued relocation of the College of Engineering to the Centennial Campus. The 166,700 square-foot facility would meet the needs of the Departments of Mechanical & Aerospace Engineering and Biomedical Engineering. As proposed, the funding would provide $27.2 million for the Alfred G Mann Institute for Biomedical Engineering, a research complex that will work in cooperation with UNC-CH's Medical School in developing future biomedical technologies. Funds for the Mann Institute will be held in reserve pending further consideration of agreements concerning intellectual property and other funds.

Centennial Campus Library – Planning – $5,928,000
The project would provide a 202,000 gross square foot library on the Centennial Campus as well as the Institute for Emerging Issues and other associated non-profit public policy focused entities. The library will serve the specific needs of the Centennial Campus and address significant shortages in student study space. The Textiles Library will be relocated to this facility. Project costs would include $12.8 million for associated infrastructure costs. The total cost of this project is $114,000,000.

THE UNIVERSITY OF NORTH CAROLINA AT ASHEVILLE

The projects requested to be funded by the state for UNCA are listed below in the priority order of the Chancellor.

Rhodes Hall – Comprehensive Modernization – Planning – $416,000
This project would provide for the comprehensive modernization of 26,700 square-foot Rhodes Hall, constructed in 1966. The renovated facility would provide classroom, office, and laboratory space for the environmental science, computer science and engineering programs. The total cost of this project is $8,000,000.

Lipinsky Hall – Comprehensive Modernization – Planning – $390,000
This project would provide for the comprehensive renovation of one of the original campus buildings. Lipinsky Hall currently houses student services that will move into Phillips Hall when it is renovated. Space in this facility would be configured for use by the departments of Fine Arts and Music to accommodate the growth in demand for space by these academic programs. The total cost of this project is $7,500,000.

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

The projects requested to be funded by the state for UNC-CH are as follows in the priority order of the Chancellor.

School of Dentistry – Oral Sciences Teaching & Learning Facility
Pending Further Review – This facility would provide teaching, office and research space for the School of Dentistry. Included in the project is a pedestrian bridge across Manning Drive. The construction of the Oral Sciences Teaching and Learning Facility would occur in two phases. The first phase would provide seminar space and preclinical teaching facilities to accommodate enrollment growth in the Dental School. The second phase would replace the existing Dental Office Building and Dental Research Building with modern facilities for faculty to conduct research. Funds for this project would be held in reserve pending further review of the establishment of a dental school at ECU. The total cost of this project is $125,000,000.

Science Complex South – Genomic Sciences Building – $145,000,000
This project would provide 210,000 square feet of teaching, office and research space for Genomic Sciences as well as a pedestrian bridge from the Science Complex to the Health Affairs Campus. The Genomic Sciences Building would serve as a central resource for scientific information spanning multiple disciplines. Within the facility, researchers would conduct basic research in biology and in the interfaces between biology and chemistry, physics, computer science, mathematics, materials science, psychology and the social sciences.

Alfred Mann Institute – $25,000,000
Contingent on Award – The proposed Alfred E. Mann Institute would provide a $100 million endowment for biomedical commercialization activities at North Carolina State University and UNC-Chapel Hill. A $25 million facility would be constructed on the UNC-CH campus for the Mann Institute. Funds for this request will be held in a reserve pending further consideration of agreements concerning intellectual property and other funds.

THE UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE

The projects requested to be funded by the state for UNCC are listed below in the priority order of the Chancellor.

Center City Classroom Building – $45,827,389
The new general classroom building will be designed primarily to house graduate and professional education programs. Some undergraduate programming will also be offered. It will provide space to the Belk College of Business for their MA, MBA, and Ph.D. programs, the College of Architecture's Charlotte Community Design Studio, the Lee College of Engineering's Systems Engineering program, and space appropriate to offering continuing education programs. In addition, graduate programs tailored to the needs of professionals working and living in this region will be offered in Business Gaming and Cyber Security, Public Administration, Liberal Studies, Art Administration, Public History, and Organizational Science. Also offered will be programs in Health Administration, Nursing, and Professional Development programs to promote teacher retention for beginning K-12 teachers. The building is critical to the University's need to keep pace with projected undergraduate, graduate, and professional development program growth.

Research Facilities, Phase 2 – Planning – $2,553,824
The proposed building would provide laboratory space to accommodate growth in research programs at UNC Charlotte and support industry/university collaborative projects. Sufficient space is not available on campus to support on-going research or support public-private partnerships, an expanding grants program, and the capital creation that is envisioned for this region of North Carolina. State-of-the-art laboratories would be provided for research activities. The total cost of this project is $49,112,000.

THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO

The projects requested to be funded by the state for UNCG are listed below in the priority order of the Chancellor.

Academic Classroom and Office Building – Planning – $2,279,028
This project would provide for the construction of a facility to help alleviate the need for classroom space. Enrollment is anticipated to grow to a total of 17,367 students in fall, 2007. This growth will be accompanied by an increase in faculty members. Space is also needed to house new academic programs (based upon regional, state-wide, and national demand) and growth in externally funded research. The total cost of this project is $43,827,470.

Nursing Wing – Moore Building – Planning – $1,421,778
This project will provide for an addition to the Moore Building and to enable the School of Nursing to be located in a single facility. Current utilization of the building is fully scheduled for both day and evening classes and the School of Nursing is occupying space in two other academic buildings and an old house. Qualified nursing students are being turned away because of inadequate space. Additional space requirements are needed for the doctorial program. The total cost of this project is $27,341,888.

THE UNIVERSITY OF NORTH CAROLINA AT PEMBROKE

The projects requested to be funded by the state for UNCP are listed below in the priority order of the Chancellor.

New Residence Hall – Planning – $1,040,000
Funds would be used to construct a four story, brick veneer building to provide UNCP with 360 student beds. There will be 22 single (88 beds) and 68 double (272 beds) suites. The suites will not have individual kitchen facilities, but there will be a kitchenette on the first floor. The building will contain other public areas including study rooms, laundry and vending rooms, a 30-station computer lab on the first floor, and two elevators. In addition to the bedrooms and public areas, the building will contain administrator apartments and will be fully sprinkled for fire protection. The total cost of this project is $20,000,000.

Land Acquisition
Funds would be used by UNC Pembroke to purchase adjoining parcels and other parcels proximate to campus consistent with the university's master plan. UNCP has requested $3 million for land acquisition.

THE UNIVERSITY OF NORTH CAROLINA AT WILMINGTON

The projects requested to be funded by the state for UNCW are listed below in the priority order of the Chancellor.

School of Nursing – $27,000,000
This 80,000 square-foot building would allow for the expansion of the School of Nursing and related programs. The current space does not allow for expansion of the nursing program despite projections of significant increases in both undergraduate and graduate programs. The requested space would provide modern classrooms, laboratories, simulation spaces, faculty offices, and various support spaces for the School of Nursing. The General Assembly has previously provided advanced planning funds for this facility.

Scientific Laboratory Building – Planning – $1,539,200
This 80,000 square-foot building would provide adequate classroom, office and research space for faculty and students in the departments of Psychology and Earth Sciences. The modern laboratory classrooms that would be included in this facility would provide students in the earth sciences and psychology with functional and safe learning environments that are conducive to modern instruction and experimentation in the earth sciences and clinical psychology. The total cost of this project is $29,600,000.

WESTERN CAROLINA UNIVERSITY

The projects requested to be funded by the state for WCU are listed below in the priority order of the Chancellor.

New School of Health and Gerontological Sciences Building – Planning – $2,402,661
Western North Carolina is rapidly becoming a destination-of-choice for retirees, with centers for retirement developing especially in Henderson, Transylvania, Buncombe and Clay counties. Currently, 16 percent of the people who live in the region are elderly and that percentage is increasing at fast rate. This proposed project would allow the campus to house expanded programs in nursing and health-related programming to address the changing demographics in western North Carolina. The campus has plans for numerous innovative programs in health, gerontology, and occupational and physical therapy that would supplement the existing program offerings that would be housed in this proposed facility. The total cost of this project is $46,205,011.

New Education and Allied Professions Building – Planning – $2,089,710
This project would enhance WCU's efforts to help address the acute shortage of teachers in North Carolina by providing for the expansion of WCU's teacher education programs. The proposed new facility would provide state-of-the-art classrooms to support teaching and learning through the use of new technology and media that are currently unavailable in the existing facility due to its age, size, and configuration. Additionally, WCU has a strong commitment to helping keep teachers in the field once they begin teaching. The proposed facility would be designed to support adult learning to help promote teacher retention. The total cost of this project is $40,186,740.

WINSTON-SALEM STATE UNIVERSITY

The projects requested to be funded by the state for WSSU are listed below in the priority order of the Chancellor.

Student Activities Center – Planning – $768,225
This facility would provide needed student activity space to address the rapid enrollment growth experienced by the campus. The campus would supplement state funds with nonappropriated funds to fully fund this project. By providing the types of services that parents and students expect from the contemporary college-going experience, this proposed facility would help WSSU remain competitive and successful in fulfilling its focused-growth mission. The total cost of this project is $14,773,560.

Hill Hall Comprehensive Renovation – Planning – $312,000
This project would provide for the renovation of Hill Hall and expedite use conversion from a laboratory and classroom facility to administrative offices to address the need for additional office space required by the campus' rapid growth. As a response to the increase in the numbers of students enrolled in the University, the administrative units that provide the important student-support services and functions have also grown. The renovated facility would house the Departments and/or Divisions of Institutional Effectiveness, Enrollment Management, Information Technology, Human Resources, and Budget and Analysis. The total cost of this project is $6,000,000.

OTHER

The following project is requested for East Carolina University, Elizabeth City State University, North Carolina State University, University of North Carolina at Chapel Hill, and University of Wilmington.

Coastal Studies Institute – $30,000,000
This project would provide for a multi-campus center for coastal studies to be located in Dare County. The Coastal Studies Institute was established in 2002 as a partnership between East Carolina University, Elizabeth City State University, North Carolina State University, University of North Carolina at Chapel Hill, and the University of North Carolina at Wilmington to undertake research, offer educational opportunities, and provide outreach to North Carolina's maritime counties. The Center would be focused on research in maritime history, underwater archaeology, coastal processes, estuarine ecology, tourism and coastal management. Facilities would include a research building with an auditorium, wet labs and administrative space, a storage/garage building and a dormitory. The General Assembly has previously appropriated $1.3 million for this project.

The following project is requested for UNC Healthcare.

Master Facility Plan – $3,000,000
These funds would be used by UNC Health Care and the UNC School of Medicine to develop a comprehensive master plan. This Master Facility Plan, coordinated with the Campus Master Plan for UNC-Chapel Hill, would provide a more detailed and formal plan for development and funding, and would lay the foundation for future program and service development.

Repairs and Renovations

The Reserve for Repairs and Renovations was formally established by the General Assembly in 1993 to address both current maintenance needs and the documented backlog of deferred maintenance projects. General Statute 143-15.3(a) requires the State Controller to set aside an amount equivalent to three percent (3%) of the replacement value of state-supported buildings and place the funds into a reserve to be used for the repair and renovation of state facilities.

Every three years, the State Construction Office reviews the facilities and infrastructure at each constituent institution through its Facilities Condition and Assessment Program (FCAP). The FCAP reviewers document deficiencies and estimate the funds required to remedy those deficiencies. The documented deficiencies were carefully considered by all campuses in preparing their 2005 capital plans. A total of $749,033,071 for system-wide repairs and renovations will be needed from the Reserve for Repairs and Renovations from 2005 to 2011. Specific projects listed in the plan will be revised as buildings and infrastructure deteriorate and lower priority projects become more immediate needs. The amount requested in the Schedule of Priorities for 2005-07 was $250,000,000. The 2005 Session appropriated $57,500,000 to the University for 2006-07 and it is recommended that the 2006 Session allocate funds from the Reserve for Repairs and Renovations to continue the University's plan to reduce documented deficiencies in its infrastructure and facilities.

Land

This request for funds to be utilized by the University for acquisition of land is presented without identification of specific requirements for individual institutions of the University, as advance disclosure of firm land acquisition plans tends to push prices higher. Further, a detailed land acquisition plan is often subject to interruptions of timing by factors that are not entirely controllable by the state and the University. Land acquisitions are planned to accommodate long-range University growth and development and usually involve properties adjoining campus boundaries. Such properties are generally advantageous building or parking sites or serve to provide buffer areas for the campus. It is recommended that the 2006 Session of the General Assembly appropriate $10 million for land acquisition.

The University of North Carolina
2006 Non-Budget Legislative Agenda

1 Enrollment Funding in the Continuation Budget

Place Enrollment Funding in the Continuation budget for the University and the Community College system, in a similar manner as the public schools.

2 University Efficiency Measures

- Allow the Board of Governors to delegate statutory duties to the President.
- Elimination of duplicative or unnecessary reports and allow appropriate reports to be provided by the President, in lieu of the Board of Governors.
- Authorize the Board of Governors to increase informal contract limit (for small construction) from $300K to $500K.
- Clarify that consultant contracts be approved by the State Purchasing Office, in the same manner as service contracts.
- Raise the force account limit to $200K for all direct and indirect costs of a construction project or to $100K for the total cost of labor on a project.
- Modify GS 133-3 to allow campuses of the University to establish campus standards for building components by conducting public evaluation and selection processes, and, thereafter, specifying said components by brand when writing construction specifications.
- Permit the use of special obligation bonds or other means of financing for acquisition of equipment and renovation or repair of existing facilities.

3 Faculty & Staff Competitiveness

- University exemption from, or modification of, G.S. 135-1(20) to preserve UNC's phased retirement plan and allow for more flexibility in rehiring of retirees.
- Expand the existing Tuition Waiver Program for faculty & staff:
  a. Increase number of allowed courses from two to three.
  b. 25% tuition reduction for dependents and spouses of UNC employees.
  c. Implement a Tuition Remission Exchange program between the University system and the Community College system. *Total 2007-08 Fiscal Impact: $25.1 million; $7.7 million for tuition and $12.9 million in enrollment changes for Community College employees to take courses at the University; $1.3 million for tuition and $3.2 million in enrollment changes for University employees to take courses at the Community Colleges.*
- Provide immediate (or 1-year) vesting in ORP for EPA employees in order to make compensation packages more competitive with University peers. *Maximum reduction of available balances in State Retirement System would total $806,300.*

April 11, 2006
Approved by Board of Governors

4	**Bond Project Modifications**	The following projects listed in Chapter 3 of the 2000 Session Laws and authorized by voter referendum in November 2000 have been recommended for scope modifications by the campuses. These suggested changes are consistent with the initial intent of the listed projects. However, these alterations are due to changed conditions or discovery of a more efficient means to accomplish the same end result. 1) UNC-Chapel Hill proposes to transfer funds from Caldwell and Howell Halls to other classroom projects. 2) UNC-Chapel Hill proposes to transfer funds from Hill and Davie Halls to other classroom projects. 3) NCSU proposes to change scope of Williams Hall Laboratory Building Comprehensive Renovation and transfer of residual funds to Polk Hall Laboratory Building's comprehensive renovation, 1911 Classroom Building comprehensive renovation and Park Shops comprehensive renovation and conversion for general academic use. 4) WCU proposes to change scope of Forsyth Classroom and Computer Labs Building-Comprehensive Renovation and transfer residual funds to Stillwell Lab Building-Comprehensive Renovation.
5	**Principal Fellows Program Modification**	Modify the current Principal Fellows Program to provide 49 fellowships per year by adjusting the amount of the scholarship loan to reflect tuition increases and inflation.
6	**Nursing Scholars Program Modification**	To permit the State Education Assistance Authority to determine scholarship loan award levels for the Nursing Scholars Program and to eliminate confusion in existing statute regarding recipients who are enrolled less than full-time.
7	**Dental and Medical Scholarship Loan Modification**	To grant the Board of Governors authority to forgive a dental or medical scholarship loan and avoid imposing hardship on a recipient who is trying to complete the requisite service to have his or her loan forgiven.
8	**Contributions To Parental Savings Trust Fund Tax Deductible**	Amend GS 105-134.6 & GS 116-209.25 to allow taxpayers who make contributions to the Parental Savings Trust Fund to deduct all, or a portion of, their total contributions in calculating NC taxable income for any given tax year beginning in 2006. *If enacted, provision would result in a recurring reduction of General Fund Revenues of $1.3 million*
9	**UNC Non-Appropriated Capital Projects**	▪ Request authorization for non-appropriated capital projects for the campuses of the University (in development) ▪ Revise use of self-liquidating funds to allow for the purchase of residential student housing.
10	**Center for Design Innovation, Joint Millennial Campus and Center for Nursing**	Modification of SL 2004-179 to provide that the Center for Design Innovation (WSSU & NCSA),the Joint Millennial Campus (UNCG & NCA&T) and a Nursing & Allied Health Building (UNCP) will be completed with the allocation of funding.

11	**Dual Office Holding**	Eliminate the prohibition against spouses of members of the Board of Governors' and of members of Boards of Trustees' being employees or officers of the State, so long as the spouse is not an officer or employee of UNC, for BOG members, or of the relevant campus, for BOT members nor a member of the General Assembly. Include NCSSM in this provision.
12	**NCSSM Governance**	Designate the NC School of Science and Mathematics a high school constituent institution, effective July 1, 2007.
13	**Parking Fines Assessment**	Modification of G.S. 115C to allow for the recovery of administrative costs for assessing parking fines on the campuses. *If enacted, provision would result in a recurring reduction of General Fund revenues of $4.6 million*
14	**Exemption from Sales Tax**	Provide that organizations, including disregarded entity limited liability companies, that are recognized by the Internal Revenue Service as charitable organizations, exempt from taxation under Section 501(a) of the Internal Revenue Code, shall be exempt from paying sales tax in connection with providing student housing and other educational facilities. *If enacted, provision would result in a one-time reduction of General Fund revenues of $228,869 (WCU)*
15	**University Golf Courses – Alcohol Sales**	Allow golf courses open to the public and owned by University campuses to sell alcohol.

Joint Appropriations Subcommittee on Education

Agenda

Thursday, May 4, 2006, 9:00 A.M.
Room 421, Legislative Office Building
Representative Tolson, Presiding

I. Welcome

Representative Tolson

II. Independent Colleges and Universities Expansion Budget Request

Hope Williams, *President NCICU*

III. FY 05-06 Budget Actions

Public Schools – Adam Levinson, *FRD*
Teacher Quantity and Quality – Jennifer Haygood, *FRD*
Community Colleges – Kristine Leggett, *FRD*
Universities – Richard Bostic, *FRD*

IV. Committee Discussion

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

May 4, 2006

The Joint Appropriations Subcommittee on Education met in Room 421, Thursday, May 4, 2006. Rep. Joe Tolson presided. The meeting was called to order at 9:00 a.m.

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

Rep. Tolson recognized Dr. Hope Williams , President of the Independent Colleges and Universities for a presentation. Ms Williams introduced Tim McDowell, Vice-President of Public Affairs for the Independent Colleges.

Ms. Williams stated that there are 36 independent colleges and universities. She said that this year was the 35th anniversary of the State Grant Program which was first passed in 1971. It shows that these programs have been place for a long time and that the Grants have been able to help hundreds and thousands of students. Dr. Williams discussed three particular students who have benefited from the grants. She discussed the colleges budget requests for 2006-07 and stressed that the four issues reflected the governor's number two budget priority "Controlling our investments in education from pre-K through the university to build a skilled workforce prepared to compete in the global economy" and "Making government more efficient by encouraging more students to enroll in the private university sector." Dr. Williams asked for the following requests:

1. Increase the Legislative Tuition Grant (LTG) by $500 per student, from $1,800 to $2,300.
2 Increase State Contractual Scholarship Fund by $500 per student
3 Lateral entry teachers and nurses seeking certification cannot receive the LTG and CSF grants because they already have baccalaureate degrees. The Independents ask that the state provide prorated grants for teachers and nurses seeking certification courses at the independent colleges.
2. The private colleges and universities make NC LIVE available to its community; however major costs increases are making difficult to continue this service. They ask the state to provide the $783,114 needed to continue.

Following Dr. Williams's presentation was a period of questions and answers. A copy of Dr. Williams remarks are attached to these minutes as part of the record.

Adam Levinson, staff with the Fiscal Research Division was called on to explain the Budgetary Actions for the Public Schools. Jennifer Haygood, staff with the Fiscal Research Division explained the Teacher Supply and Quality part of the Budget; Kristine Legget, staff, with the Fiscal Research Division discussed the Total General Fund Budget which includes State Employee salary increases, additional presidents' increase, and faculty and professional staff increases and Richard Bostic with the Fiscal Research staff finished the presentations discussing the needs of the Universities.

Rep. Tolson thanked that staff for their excellent work and asked the Committee members if they had additional changes/questions or suggestions to please submit them to staff as soon as possible,

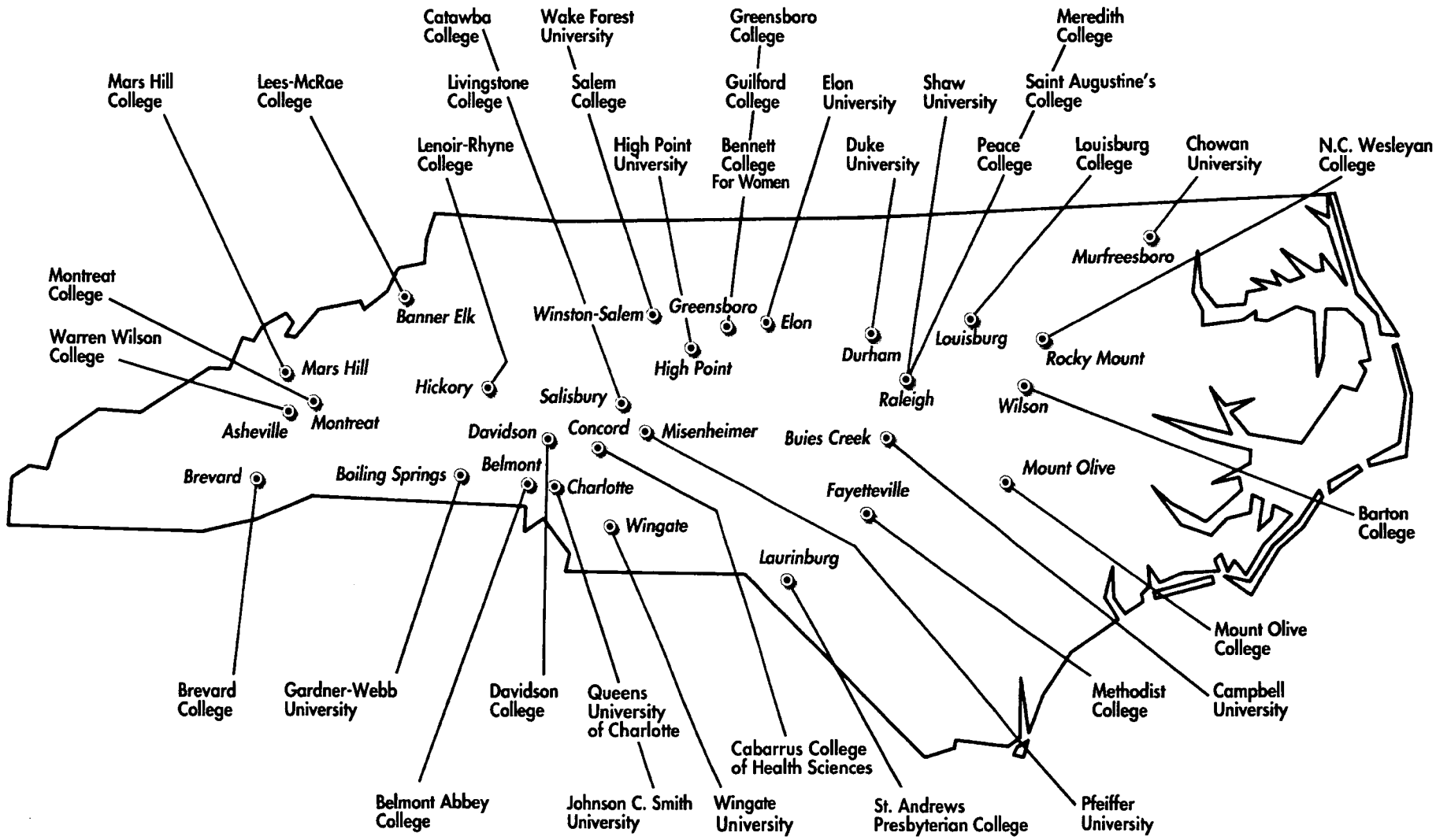
A copy of all of these presentations is attached to these Minutes as part of the record.

Following committee discussion, and there being no further business the meeting adjourned at 10:15 a.m.

Representative Joe P. Tolson, Chairman

Shirley Phillips, Committee Asst.

Location of North Carolina's Independent Colleges and Universities



North Carolina
INDEPENDENT
Colleges & Universities

A. Hope Williams
President

Barton College
Wilson
Belmont Abbey College
Belmont
Bennett College for Women
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
N.C. 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

March 10, 2006

Mr. David McCoy, Director
Office of Budget, Planning and Management
116 W. Jones Street
Raleigh, North Carolina 27603-8005

Dear David:

For the first time in a decade, enrollment of North Carolina students attending our private colleges and universities in the state is down significantly, while enrollment in the community colleges and public universities continues to soar. We know that one major reason for this loss of students, at a time when the North Carolina college-going population is rising, is a lack of financial support for these students. Because of this decline in enrollment, NCICU will not need to request enrollment growth funding for the first time in many years. We need help to ensure this decline does not continue.

North Carolina's public school graduates are projected to increase from 63,014 in 2001 to as high as 116,000 by 2017-2018. The growth in college age population plus the trend in increases in the college going rate create both opportunities and challenges for higher education in North Carolina.

The dual system of higher education—public and private—has provided the strong foundation for the world class spectrum of higher education in North Carolina today. With the growth in the number of traditional college age students and in the number of adults in college completion programs, the role of private colleges and universities in educating North Carolina citizens becomes even more critical to meeting the education needs of the State.

The greatest challenge for the 36 private colleges and universities in the state is to make education affordable for students. Private colleges and universities provide approximately $300 million in institutional grants along with almost $90 million in state grants and more than $60 million in federal grants. Loans, work study and family support provide the remaining financial support. For many individual families, the sources of financial support are not enough to make college possible. The average tuition and fees at North Carolina's private colleges in 2005-06 is $17,304, 18.4 percent below the national average. However, the state's economic problems have limited the opportunity for increases in state support for students attending private colleges and universities and has intensified the competition with the public sector for North Carolina students.

Independent colleges and universities need more state assistance for students in order to be able to recruit more North Carolina students. In the last twenty years, primarily because of financial challenges, three private colleges have closed in our state: Sacred Heart College, Saint Mary's College, and with the recent loss of SACS accreditation, Barber-Scotia College. The loss of these institutions is also a great loss for the state.

North Carolina created the state grant programs for students attending independent colleges and universities as an offset to the state's subsidy for public higher education and to help strengthen private colleges and universities in the state. Without private colleges and universities, the cost to taxpayers for college education in North Carolina would increase by hundreds of millions of dollars. But we must provide more financial help to North Carolina private college students in order for them to be able to attend private colleges. Those students have not seen their $1,800 Legislative Tuition Grant increase in the past six years.

To that end, we are proud to offer in priority order our four budget requests and legislative agenda for 2006-07. All four issues reflect the governor's number two budget priority, "Controlling our investments in education from pre-K through the university to build a skilled workforce prepared to compete in the global economy." They also reflect the fourth budget priority, "Making government more efficient," by encouraging more students to enroll in the private university sector.

1. Increase the Legislative Tuition Grant (LTG) by $500 per student, from $1,800 to $2,300. Total additional cost would be $15,747,000. The LTG goes to every full-time, North Carolina resident enrolled in an accredited, non-profit private college or university and is comparable to the $10,335 subsidy the state provides to in-state students in the UNC System. The LTG grants have not been increased in the past six years.
2. Increase the State Contractual Scholarship Fund (SCSF) by $500 per student, for a total additional expenditure of $15,580,625. With the exception of an increase of $50 last year, the SCSF also has not been increased in the past six years. The SCSF goes to the most financially-needy students in the state.
3. Lateral entry teachers and nurses seeking certification currently cannot receive the LTG and SCSF grants because they already have baccalaureate degrees. In order to encourage more candidates in these two critical careers, we ask that the state provide prorated grants to these students seeking courses at private colleges and universities. State law should be changed to allow these students to receive a portion of these grants. The additional cost would be $1.5 million.
4. Currently the state underwrites the cost of NC LIVE for public universities, community colleges and public libraries that are part of this virtual library. Private colleges and universities have been an important part of NC LIVE since its inception, and we had planned all along to join the other sectors in asking for state funding, but have not requested funding during the recent years of budget shortfalls. Private colleges and universities make NC LIVE available to members of the community just as the public libraries do. Recent major cost increases in NC LIVE are making it more difficult for private colleges to continue to participate. We are asking the state to provide the $783,114

private colleges currently must provide ($764,570 resources and $18,544 infrastructure) to participate.

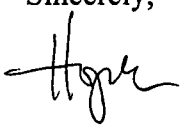
This completes the NCICU budget request. However, as you develop a comprehensive education budget, we hope you will give serious consideration to the following issues:

1. Most students entering the teacher education program at a college or university must take the Praxis I exam to enter as a junior, and the Praxis II exam upon completion of the program. Students must pay from $100 to $150 to take each test, enough to encourage many students to seek other careers. If the state is going to require these private-administered exams, the state should pay for them at both public and private universities.
2. Additional scholarship funding should be provided to encourage more students to enter the teacher preparation programs. Students who leave college with tens of thousands of dollars of debt find it difficult to pay back student loans on a teacher's salary.
3. Currently several classes of out-of-state students are considered in-state for university tuition purposes. Examples are military children and spouses, children of National Guardsmen, children of deceased police and firefighters, etc. Most also are eligible for the aid to students attending private college. We will be requesting legislation to provide that all students who are now consided in-state for tuition purposes also be eligible for the LTG and SCSF. The cost would be expected to be minimal, but would treat students the same. Currently, almost every bill must be changed to ensure eligibility.
4. Teachers with a master's degree currently receive a 10 percent salary increase, while those teachers receiving board certification are eligible for a 12 percent salary increase. We would ask that both categories of teachers receive the 12 percent increase.
5. In spite of the severe teacher shortage, funding for the Teaching Fellows Program still allows only two private universities to participate. We hope that the program will be expanded to allow for the participation of students enrolling in more teacher preparation colleges and universities in the state.
6. Some states provide matching construction funding for critical capital projects at private college and university campuses. We believe this is an area North Carolina should investigate.

While these six items are not a part of the official NCICU budget request, they address issues of fairness as well as the shortage of teachers in our public schools. As funds become available, I hope you will give each of these items careful consideration.

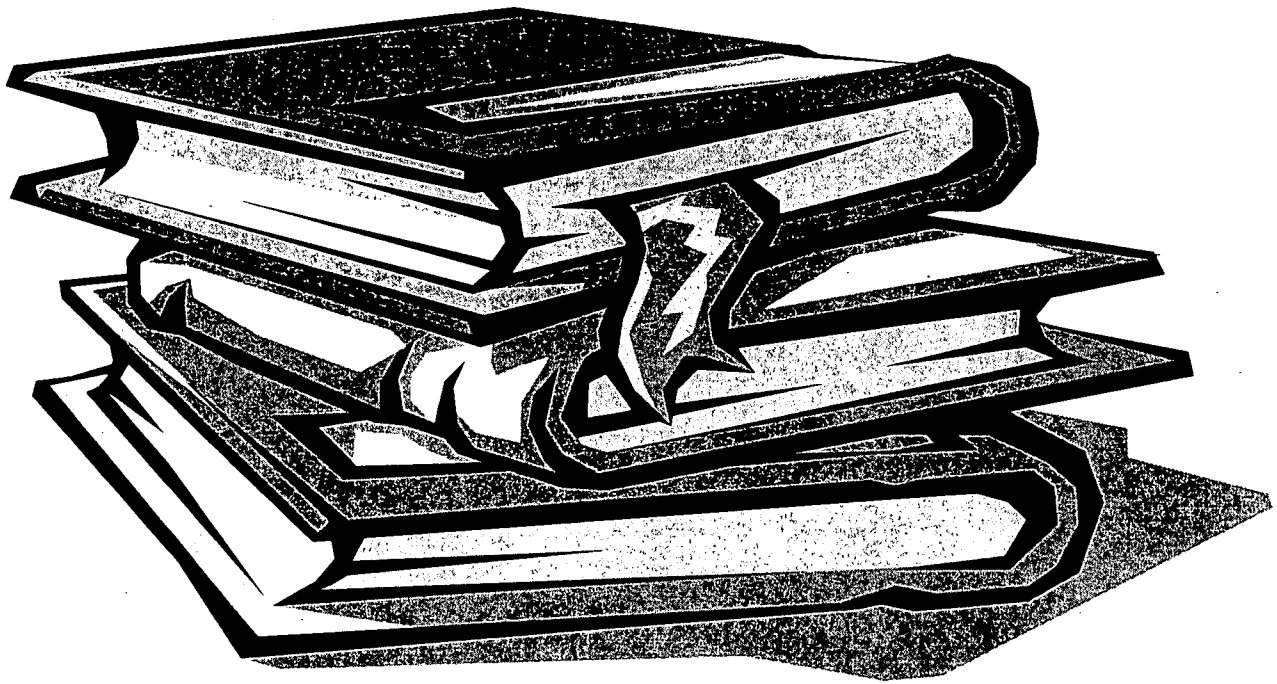
Thank you so much for all that you continue to do for North Carolina and for our 36 independent colleges and universities and the 37,000 North Carolina students they serve. Please let me know if I can provide any additional information.

Sincerely,



A. Hope Williams

Education Budget Summaries
FY 05-06



Fiscal Research Division

NC General Assembly

May 4, 2006

2005-06 NCGA Budgetary Actions: Public Schools

NC General Assembly

Joint Legislative Appropriations Subcommittee on Education

Adam Levinson, Fiscal Research Division

May 4, 2006

NCGA Budgetary Actions
FY 2005-06

Total General Fund Budget

$6.9 billion

5.3% Increase above FY 2004-05

Notes:

- ***Includes legislated salary & benefit increases.***
- ***Does not include receipts from Civil Penalties & Forfeitures Fund that are now budgeted in the State Public School Fund.***

NCGA Budgetary Actions
FY 2005-06

Growth in Student Population

Additional ADM Growth **$9.4 million**

Provided additional funds based on updated projections of student population (average daily membership, "ADM").

Total funded ADM:	1,397,372
Increase over FY 2004-05:	28,309
Total cost of ADM growth:	$125 million

NCGA Budgetary Actions
FY 2005-06

Supplemental Funds for Targeted Populations

Low Wealth Supplemental Funding **$20 million**

Provided additional funds to the 79 LEAs eligible in FY 2005-06. This action increased total funding to approximately $130 million, or 75% of the funding required to fully fund the formula.

Disadvantaged Student Supplemental Funding (DSSF) $22.5 m

Appropriated funds to the 16 pilot LEAs that had received funds in FY 2004-05 through Executive Order. Each LEA received the same level of funding in FY 2005-06 as in the previous fiscal year.

NCGA Budgetary Actions
FY 05-06

High School Reform

Learn & Earn **$4.2 million**

Provided funds to expand the Learn & Earn initiative to 10 additional high schools (bringing the total to 15). Also provided one-time planning grants to 20 additional schools.

Small Specialty High Schools **$1.5 million**

Provided funds to establish 11 small "schools within schools" at 8 sites. Allotted each "school within a school" the dollar equivalent of one principal, one guidance counselor, and two clerical positions.

NCGA Budgetary Actions
FY 05-06

Other New Initiatives

Child & Family Support Teams **$8.5 million**

Provided funds to form 100 child and family support teams, each composed of a social worker, a nurse, and a clerical assistant, at 100 schools across the State.

Virtual High School **$150,000**

Provided funds to the State Board of Education for establishment and implementation of a pilot virtual high school during the 2005-06 school year.

NCGA Budgetary Actions
FY 05-06

Reductions

School Building Administration **($5 million)**
Allotted assistant principal positions on the basis of one 10-month position per 800 ADM (changed from 1:761). Funded approximately 87 fewer positions.

School Bus Replacement **($7.9 million)**
Provided funds to meet outstanding lease purchase payment obligations and $10 million for new lease purchases (approximately 467 buses). Approximately 375 fewer new buses than had been anticipated.

Central Office Administration **($510,000)**
Reduced approximately 0.5% of the total allotment for central office staff.

NCGA Budgetary Actions
FY 05-06

Budgeting of Receipts

Civil Penalties & Forfeitures Fund ($102.5 million)
Budgeted estimated annual receipts from Civil Penalties & Forfeitures Fund and adjusted General Fund appropriations accordingly.

Sales Tax Refundable to LEAs* ($33.3 million)
Will redirect estimated State sales tax refundable to LEAs to the State Public School Fund for allotment through State position, dollar, and categorical allotments. General Fund appropriations are adjusted accordingly.

***Note: This action takes effect in the 2006-07 fiscal year.**

NCGA Budgetary Actions
FY 05-06

Action considered but not taken

The 2005-06 budget neither:

- *Added a new* ***LEA Discretionary Reduction (aka, "negative reserve"),***

- *Nor eliminated the* ***$44.3 million LEA Discretionary Reduction*** *that is still in the base budget.*

NCGA Budgetary Actions
FY 05-06

Lottery

- Estimated '06-07 Total Revenue: ***$1.2 billion***
- Estimated proceeds for Education: ***$425 million***
  - **First 5%** ***($21 m)*** to Reserve Fund
  - Of remaining:
    - **50%** ***($202 m)*** for class size reduction and pre-K programs
    - **40%** ***($162 m)*** for school construction
    - **10%** ***($40 m)*** for higher education scholarships
- Current projection is still ***$425 million***

2005-06 NCGA Budgetary Actions: Teacher Supply and Quality

NC General Assembly
Joint Appropriations Subcommittee on Education
Jennifer Haygood, Fiscal Research
May 4, 2006

NC Teacher Corps: Quick Facts

FY 05-06:
94,129 Teachers
(81,118 State-funded)

FY 05-06
Appropriation for Classroom Teachers:
$3.08 billion

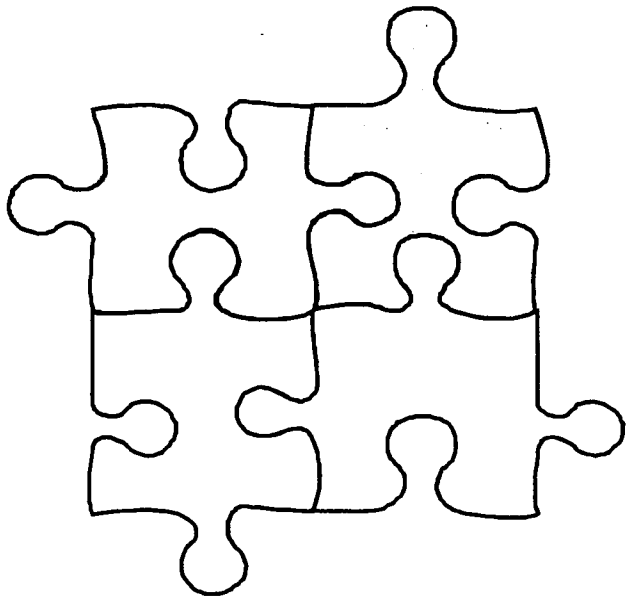
Source: Department of Public Instruction

Teacher Positions by Years of Experience, FY 2004-05

Years of Experience	FTE Positions	% of Total
0-5	29,925	31%
6-10	18,033	19%
11-15	12,949	13%
16-20	10,625	11%
21-25	9,583	10%
26-29	8,092	8%
30+	6,954	7%

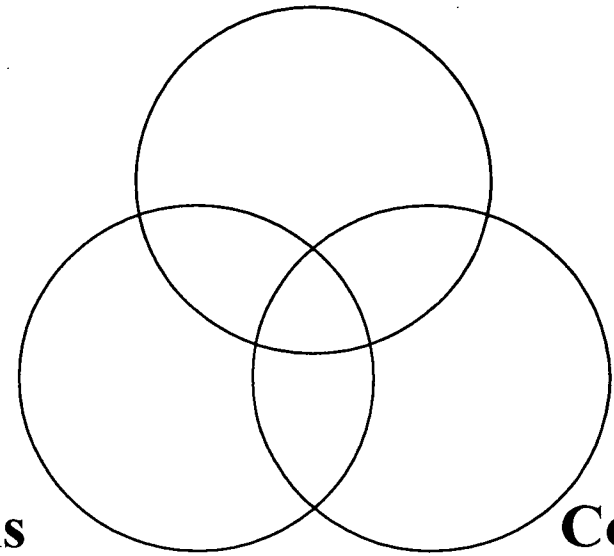
Pieces of the Teacher Puzzle

- Recruitment
- Preparation
- Induction
- Professional Development
- Retention



Whose Job Is It To Develop NC's Teacher Corps?

Universities



Public Schools **Community Colleges**

NCGA Budgetary Actions: FY 05-06

Recruitment

- **Teaching Fellows Scholarships** **$650,000**
  Funded 100 additional Teaching Fellows Scholarships.

- **Future Teachers Scholarship Program** **$650,000**
  Funded 100 scholarships for students pursuing certification in math, science, special education, and English as a Second Language.

- **Scholarship Loan for Prospective Coaches** **$100,000**
  Funded 25 scholarships for students who commit to coaching in a rural or need-based area.

- **Jt. Initiative for Teacher Education and Recruitment** **$480,000**
  Created 8 UNC positions to support the expansion of the 2+2 partnership programs between UNC and NCCCS.

- **CFNC Teacher Recruitment Online Module** **$25,000**
  Funded a module on the CFNC website that will provide future teachers a single source for information regarding education, licensing requirements, financial assistance, etc.

NCGA Budgetary Actions: FY 05-06

Induction

- **No additional funds appropriated**
- SL 2005-276, Section 7.21 directed the State Board of Education to grant flexibility to a local board of education regarding the use of mentor funds to provide mentoring support, provided the local boards submits a detailed plan on the use of the funds to the State Board and the State Board approves the plan.

NCGA Budgetary Actions: FY 05-06

Preparation

- **UNC-NCCCS 2+2 E-Learning Initiative:**
  – UNC: $1,000,000 NR – NCCCS: $1,000,000
  Provided funds for developing 2+2 distance education programs with an emphasis on teacher education.

- **Model Teacher Education Consortium $1,000,000**
  Enabled the Consortium to extend its services for lateral entry teachers and paraprofessionals to additional LEAs.

- Section 9.2 encouraged UNC campuses to use their enrollment growth funds to expand teacher education programs and to consider entering into formal partnerships with community colleges to offer 2+2 teaching programs.

NCGA Budgetary Actions: FY 05-06

Professional Development

- **NC Center for the Advancement of Teaching** **$2,300,000**
  Provided operating funds for NCCAT's new Ocracoke campus to make its professional development services more accessible to Eastern NC.

- **William and Ida Friday Institute for Educational Innovation $1,900,000**
  Provided a reserve for staff, operations, and maintenance costs of the new facility constructed on Centennial Campus. The Institute focuses on advancing education through innovative teaching, learning, and leadership.

- **DESTINY Traveling Science Lab** **$500,000 NR**
  Provided funds for UNC-CH DESTINY Traveling Laboratory program, which provides hands-on lab experiences for students and trains teachers to use innovative science curricula in their classrooms.

NCGA Budgetary Actions: FY 05-06

Retention

- **ABC Bonuses** **$100,000,000 NR**
  Funded ABC bonuses for schools that met or exceeded expected growth in the 2004-05 school year.

- **Working Conditions Survey** **$215,000**
  Provided funds to State Board of Education for administration of the teacher working conditions survey formerly administered and funded out of the Office of the Governor.

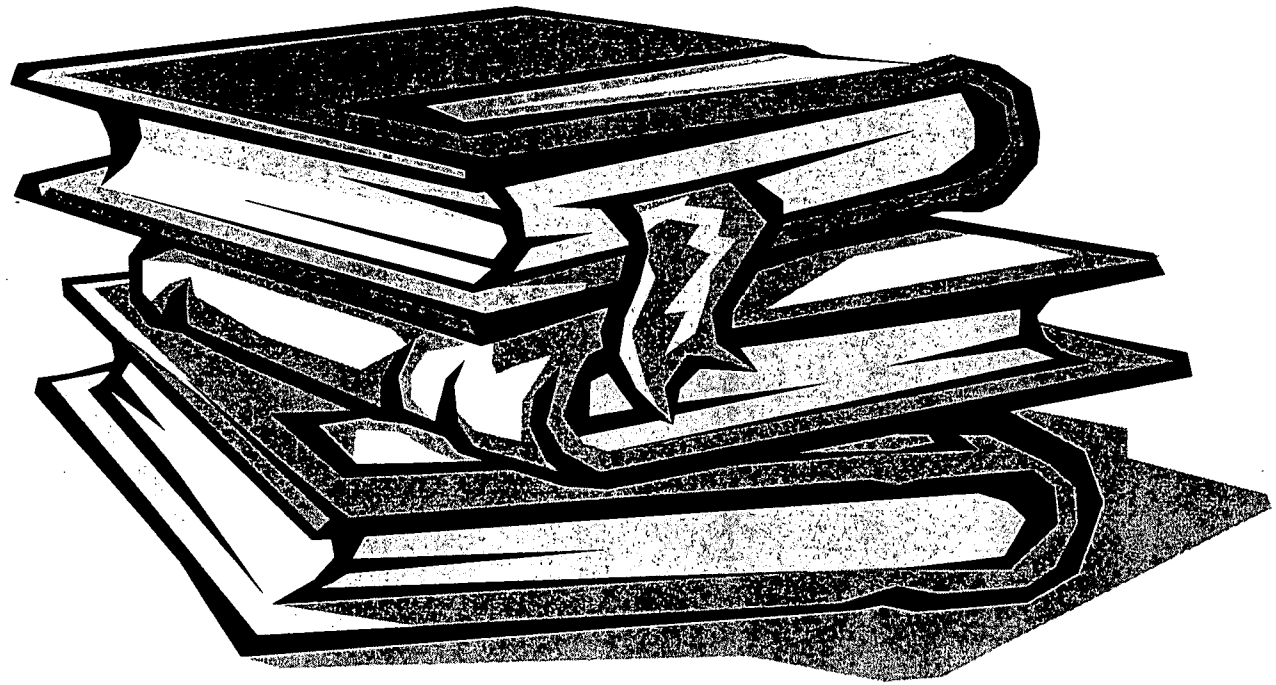
- **Principals Effectiveness Program** **$125,000**
  Provided additional funding to develop programs for new principals that focus on a principal's responsibility for instructional leadership, data-driven decision making, and positive teacher working conditions.

NCGA Budgetary Actions: FY 05-06

Retention

2005-06 Legislated Salary Increase(s)	
1. Amount **specified** in the budget bill	Average Increase
a. Experience-based step increase	1.89%
b. Salary schedule shifted upward	0.35%
2. Amount that the budget bill authorized the Governor to determine **at a later date.**	1.96%
Total	**4.20%**

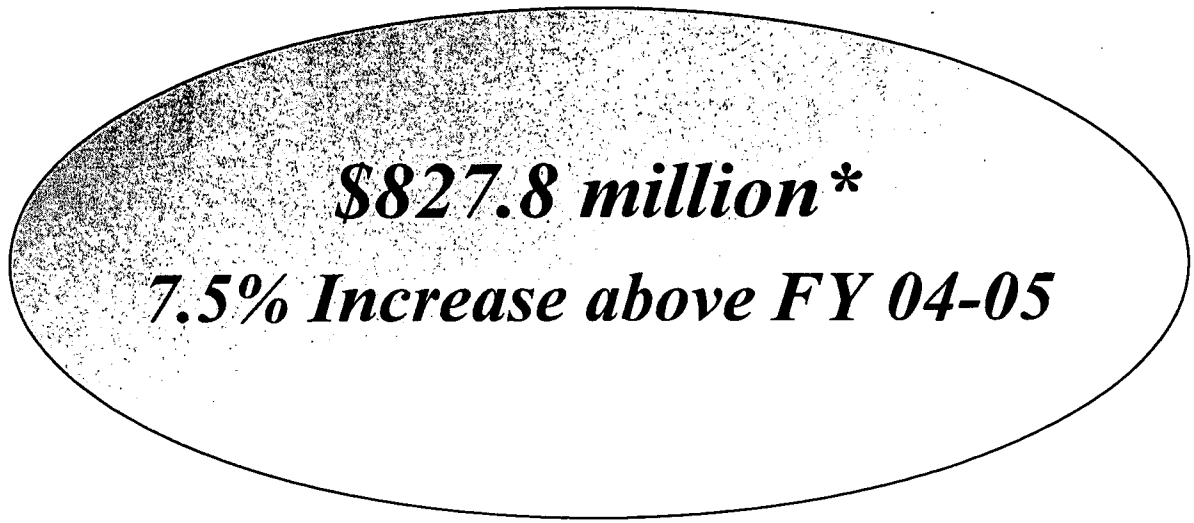
Community Colleges



Kristine Leggett
Fiscal Research Division
NC General Assembly
May 4, 2006

NCGA Budgetary Actions
FY 05-06

Total General Fund Budget



**Includes State Employee salary increases, additional presidents' increase, and faculty and professional staff increases.*

NCGA Budgetary Actions
FY 05-06

Access

Enrollment **$7.8 million**

Fully funded enrollment increase of 1.3%. Total Budgeted FTE for FY 05-06 – 191,059.

Enrollment Reserve Fund **$2 million**

Created an enrollment reserve fund to assist colleges experiencing high growth in the Fall semester.

Need Based Financial Aid **$13.9 million**

Increased the Need Based Financial Aid program by $3 million and fully funded the entire program through the Escheats Fund.

Tuition **($5.6 million)**

Increased tuition by 4% from $38/credit hour to $39.50. Full-time students paid $1,264 per year. NC Community College tuition remained among the lowest in the nation, and lowest in the SREB states.

NCGA Budgetary Actions
FY 05-06

Improving Instruction

Equipment — $10 million

Provided the largest increase in recurring equipment funding in history. Total funds available for equipment - $30.8 million.

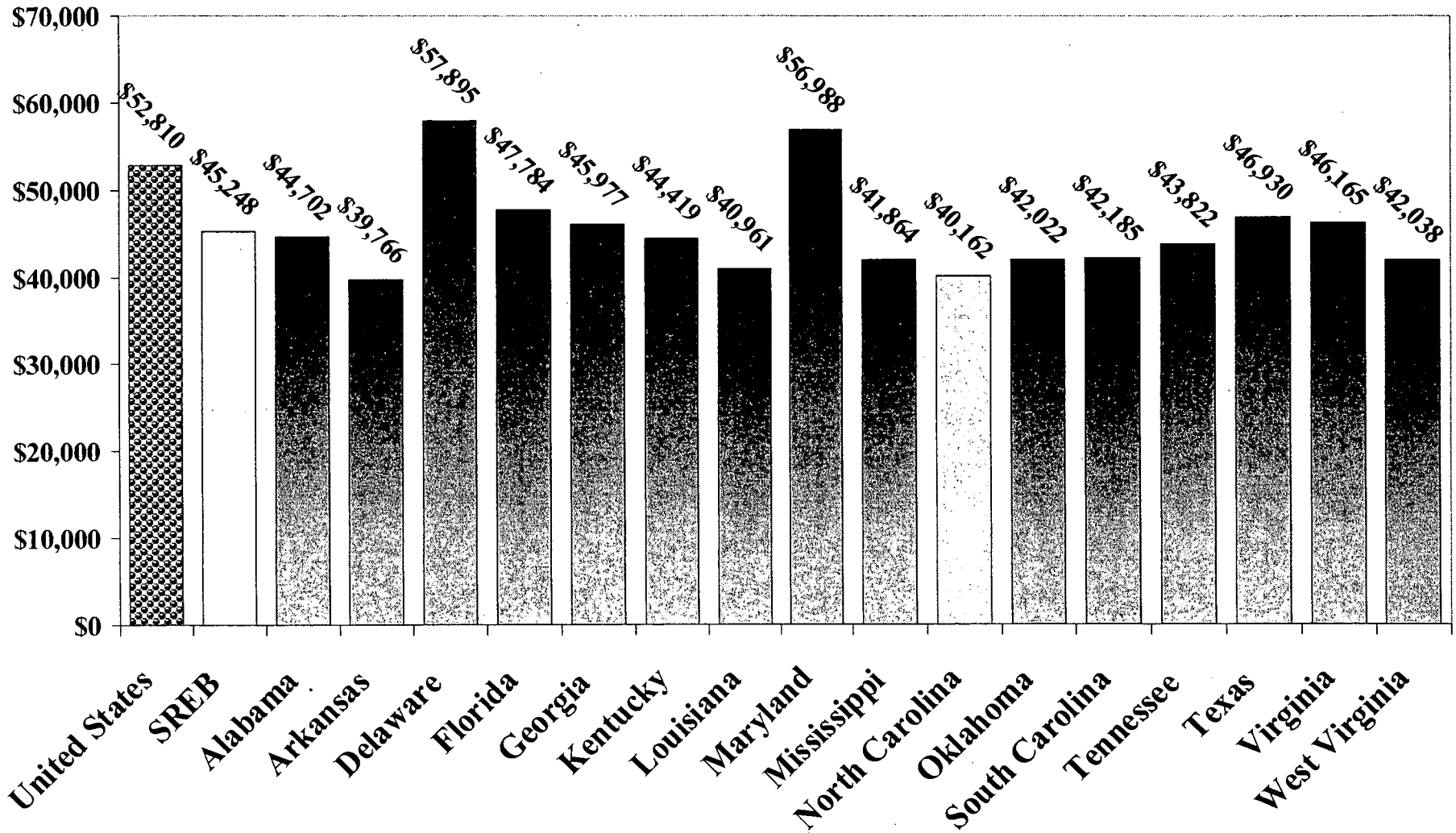
Faculty and Professional Staff Salaries — $13 million

Provided funds for an additional 2% increase for faculty and professional staff (on top of the regular State employee increase). The NC average faculty salary increased by 3.43% to $41,517.

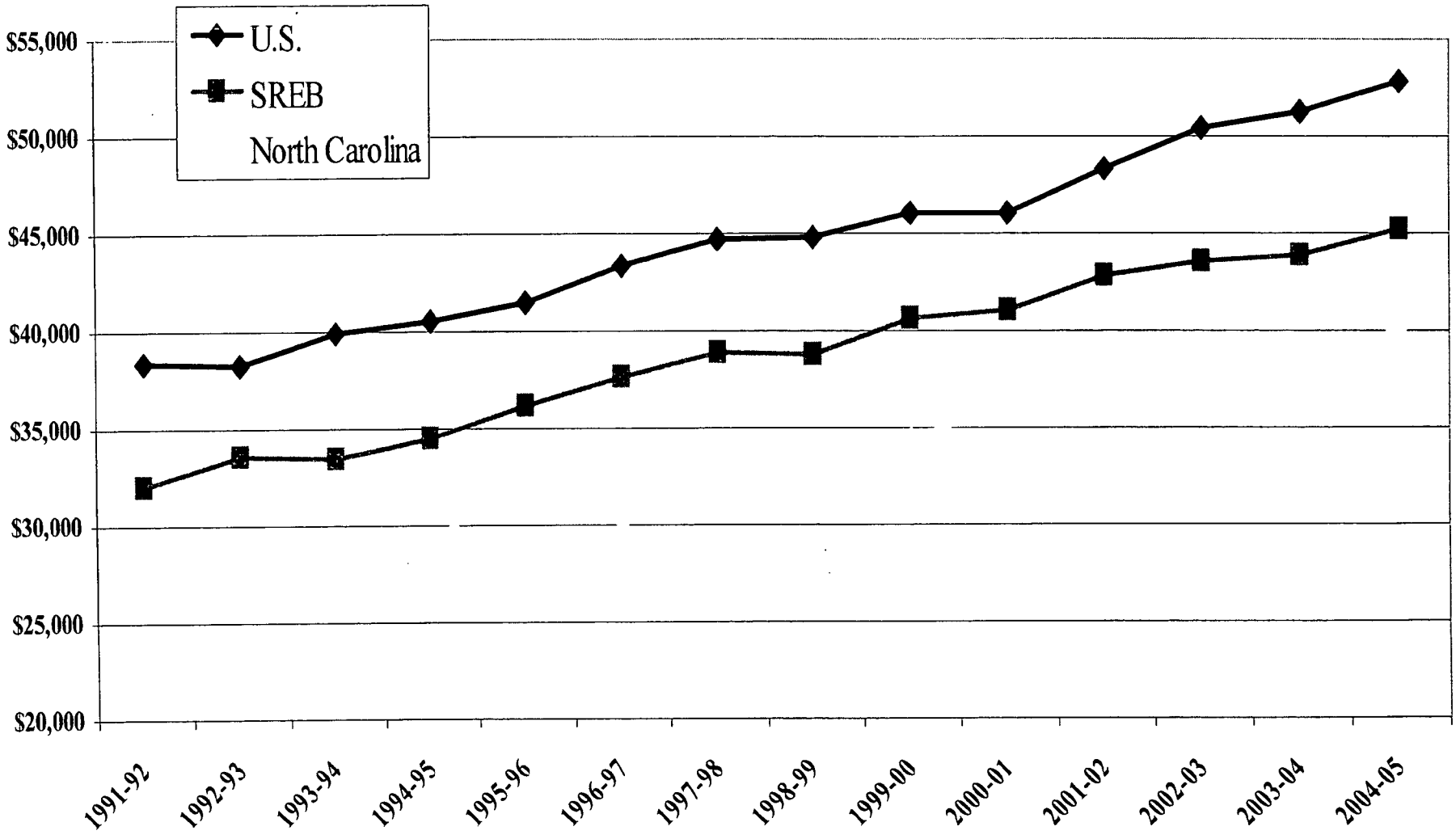
North Carolina Community College System
Average Curriculum Faculty Salaries
FY 2005-06

	College	Number	Average Salary	% Change since FY 04-05		College	Number	Average Salary	% Change since FY 04-05
1	Alamance CC	103	$42,620	6.18%	30	Martin CC	23	$37,528	1.41%
2	Asheville-Buncombe TCC	142	$41,886	3.72%	31	Mayland CC	42	$38,051	4.88%
3	Beaufort County CC	63	$37,504	3.60%	32	McDowell TCC	40	$36,489	3.20%
4	Bladen CC	43	$38,781	2.29%	33	Mitchell CC	61	$44,960	0.20%
5	Blue Ridge CC	59	$40,199	10.49%	34	Montgomery CC	32	$37,252	0.74%
6	Brunswick CC	30	$39,233	3.80%	35	Nash CC	73	$41,728	2.71%
7	Caldwell CC & TI	114	$39,480	6.03%	36	Pamlico CC	16	$38,539	3.86%
8	Cape Fear CC	213	$41,902	4.91%	37	Piedmont CC	75	$40,965	4.78%
9	Carteret CC	56	$39,175	3.90%	38	Pitt CC	164	$42,494	1.95%
10	Catawba Valley CC	127	$40,465	3.65%	39	Randolph CC	56	$40,280	4.23%
11	Central Carolina CC	139	$39,228	-0.27%	40	Richmond CC	52	$48,432	2.75%
12	Central Piedmont CC	278	$47,717	4.37%	41	Roanoke-Chowan CC	39	$36,537	2.17%
13	Cleveland CC	72	$39,773	-0.57%	42	Robeson CC	59	$43,380	7.09%
14	Coastal Carolina CC	124	$40,137	3.70%	43	Rockingham CC	66	$40,892	3.27%
15	College of The Albemarle	71	$36,703	3.59%	44	Rowan-Cabarrus CC	136	$44,042	-5.72%
16	Craven CC	70	$39,536	1.87%	45	Sampson CC	50	$42,943	4.39%
17	Davidson County CC	88	$41,692	3.89%	46	Sandhills CC	114	$45,901	11.85%
18	Durham TCC	132	$43,514	2.40%	47	South Piedmont CC	56	$39,681	1.99%
19	Edgecombe CC	77	$38,799	3.37%	48	Southeastern CC	69	$39,701	2.07%
20	Fayetteville TCC	246	$41,684	2.64%	49	Southwestern CC	57	$43,507	5.02%
21	Forsyth TCC	174	$40,545	3.94%	50	Stanly CC	66	$38,075	-0.11%
22	Gaston College	125	$45,361	3.49%	51	Surry CC	82	$44,707	4.07%
23	Guilford TCC	237	$44,455	4.49%	52	Tri-County CC	34	$39,761	2.25%
24	Halifax CC	63	$41,117	9.94%	53	Vance-Granville CC	125	$40,931	1.82%
25	Haywood CC	67	$42,079	4.85%	54	Wake TCC	359	$38,689	3.18%
26	Isothermal CC	67	$40,829	2.98%	55	Wayne CC	98	$41,356	2.24%
27	James Sprunt CC	51	$39,025	4.50%	56	Western Piedmont CC	76	$40,692	5.29%
28	Johnston CC	115	$39,821	3.25%	57	Wilkes CC	76	$41,202	3.99%
29	Lenoir CC	85	$39,570	3.15%	58	Wilson TCC	54	$42,787	2.33%
						System Total/Average	**5,480**	**$41,517**	**3.43%**

National and SREB Comparisons
FY 04-05



National, SREB, and NC
Averge Full Time Faculty Salaries Since 1991



NCGA Budgetary Actions
FY 05-06

Workforce Development

Small Business Centers **$1 million**

Customized Industry Training **$2.6 million**

Created a new training program to bridge the gap between Focused Industrial Training (FIT) and New and Expanding Industry Training (NEIT).

BioNetwork **$7.1 million**

NC Center for Applied Textile Technology **$1.2 million (NR)**

Merged the NCCATT with Gaston College and provided Gaston with funds to renovate the Center.

Hosiery Technology Center **$475,000**

Used administrative savings from the Textile Center merge to provide additional funds to the Hosiery Tech Center at Catawba Valley Community College.

Defense Technology Innovation Center **$2 million (NR)**

NCGA Budgetary Actions
FY 05-06

Supplementing Local Support

Capital and maintenance of plant are the responsibility of local governments; however, in FY 05-06, the General Assembly provided some assistance in these areas:

Grants to various colleges for capital and/or equipment **$18.6 million**
Provided funds to 19 colleges for capital improvement projects or special equipment purchases. Funds provided were exempt from the matching requirement in G.S. 115D.

Carryforward for Colleges in Economically Disadvantaged Counties
This provision allowed certain colleges to carry forward unspent funds prior to the calculation of performance funding. Colleges could use $50,000 of the funds available to carry forward for maintenance of plant.

Universities

Richard Bostic
Fiscal Research Division
NC General Assembly
May 4, 2006

NCGA Budgetary Actions
FY 2005-06

General Fund Budget

Operating *(8.25% Increase above FY 2004-05)*	**$2.13 billion**
Repairs & Renovations	**$57.5 million**
Capital	**$16.6 million**

NCGA Budgetary Actions
FY 2005-06

Reductions

Management Flexibility **($31 million)**

- *43.2% personnel (cut 102 faculty positions; 14 others)*
- *26.6% current services (travel, utilities, printing, etc.)*
- *11.4% supplies and materials*
- *18.8% all others*

SREB Contractual Spaces **($169,600)**

16 vacant optometry slots eliminated, but there is $77,900 shortfall due to increased tuition for remaining slots

NCGA Budgetary Actions
FY 2005-06

Enrollment Growth

UNC **$72.7 million**

Enrollment rose from 189,615 in Fall 2004 to 196,248 in Fall 2005 for an increase of 6,633.

Private Colleges **$503,193 (net)**

Legislative Tuition Grant payments were made to 31,853 full time students in FY 2005-06 which is below the budgeted level of 32,570.

Science & Math **$200,000**

Enrollment increased from 618 students to 628 students in FY 2005-06.

NCGA Budgetary Actions
FY 2005-06

Increased Operating Support

UNCC Doctoral Funds — $5 million

$2.5 million to hire additional faculty and raise faculty salaries. $2.5 million to strengthen operating budgets in academic and administrative units.

UNCW Equity — $7 million

- *$2 million to add 26 faculty positions*
- *$2.6 million to fill vacant positions (including 23 faculty) and reduce dependence on lapsed salaries*
- *$1.7 million for one-time projects*

ASU Equity — $1.4 million

No new programs funded because campus budget cuts exceeded equity funding.

NCGA Budgetary Actions
FY 2005-06

Increased Operating Support

Special Needs Institutions **$1 million NR**

UNCA purchased computer contracted services, equipment, library books, and moving costs. NCSA bought computer hardware and software, equipment for film program, and lighting equipment.

NC Space Grant Consortium **$200,000**

Appropriation was used to leverage $353,000 in additional federal funds. ASU, ECSU, and UNCA were added to the Consortium. Existing Consortium members were given additional operating funds; fellowships and faculty research grants were increased.

NCGA Budgetary Actions
FY 2005-06

Major Initiatives

Biotechnology **$4.9 million**

BRITE at NCCU used its $2 million to purchase equipment ($1.7 million) and fund personnel ($.3 million).

BTEC AT NCSU used its $2.94 million primarily for equipment ($2.25 million).

Renaissance Computing Institute **$5.9 million**

$4.9 million was used for equipment and infrastructure.

NCGA Budgetary Actions
FY 2005-06

Major Initiatives

Translational Medicine Program **$1 million**

UNC-CH School of Medicine began this program in Fall 2005. Seven research teams have been awarded $110,000 each for salary support, research funds, travel, tuition, etc.

Focused Growth **$3.75 million**

The seven campuses received $357,143 in recurring funds and $178,571 in nonrecurring funds.

NCGA Budgetary Actions
FY 2005-06

Nonrecurring Items

WCU Fire Truck **$715,000**

The Cullowhee Volunteer Fire Department has purchased a platform truck.

Green Industry Study **$150,000**

Survey results from 18,000 participants will be available in August 2006.

NCGA Budgetary Actions
FY 2005-06

Nonrecurring Items

Center for Universal Design **$300,000**

Funds spent on one-time personnel ($228,051), equipment ($50,000), and operations ($21,949).

UNC-CH Cochlear Implant Program **$327,000**

Funds used by the Center for Acquisition of Spoken language Through Listening Enrichment (CASTLE) for direct services to children and families and for professional training and outreach.

NCGA Budgetary Actions
FY 2005-06

Provisions

Scholarship Nonresident Student

14 schools will have 456 nonresident students reclassified as resident students in FY 06-07 for a cost of $5.2 million.

UNCA Retain Sales Proceeds

The Chancellor's residence at UNC-Asheville was sold for $606,378 on 11/21/05. Construction to start on new residence by March 2007.

NCGA Budgetary Actions
FY 2005-06

Provisions

Center for Craft, Creativity, and Design

UNCA received $200,000 from the Wingate Foundation and the state operating funds were allocated.

Science and Math Tuition Grant

The number of Science and Math graduates entering the UNC system increased from 199 in the Class of 2004 to 222 in the Class of 2005.

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 5-4- 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
JB Buxton	Gov's office
Kristen Cowan	OSBM
Trey O'Quinn	OSBM
Bryan Conrad	OSBM
Tina Harrison	WCPSS
Pam Leaman	OSBM
Elizabeth Inventurin	OSBM
Katherine W. Joyce	NCASA
Tim Mulvaney	NCICU
Lesley Cates	Speaker's Off.
Jo Ann P. Norris	Public School Forum of NC

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 5-4-06

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susan Wiser	NCCCS
Steven Shaber	Parker Sprouse
Terry Stoops	John Locke Foundation
Hal Miller	NCACCT
Kevin Bryce	NCCCS
CECIL BANKS	NCAE
John McKay	Governor
Lynne Safrit	Castle, Cooke, Inc.
Sandra Griffin	NC Teacher Academy
Michael Houser	NCAE
Erin Schoellpoby	UNC-GA

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 5-4- 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Harry Wilson	SBE
Karen Peng	DPI
Ann Graves	PCNC
Joanne Sdoukas	NCNA / School nursing / NCAFTA
Mike Arnold	LGS office
Millie Ramsey	CIU-GA
Mark Fleming	University System
Joseph Coletti	John Locke Fdn
Linda Dunston	NCAE
John Goodman	Allen Associates
Chad Hinton	Civitas Institute

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 5-4- 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Don McCorquodale	SAS
[illegible]	UCPAPA
Susan Rabon	Gov's Office
Kevin Howell	Gov's office
Mary Donny	VIF
Trent Proctor	NCNA
[illegible]	NCTC

Joint Appropriations Subcommittee on Education

Agenda

Wednesday, May 10, 2006, 2:00 P.M.
Room 421, Legislative Office Building
Senator Lucas, Presiding

I. Welcome

Senator Lucas

II. Presentation of the Governor's Education Budget

- Overview – Elizabeth Grovenstein, OSBM
- Public Schools Budget – Pam Leaman, OSBM
- UNC Budget – Kristen Crosson, OSBM and Trey O'Quinn, OSBM
- NCCCS – Bryan Conrad, OSBM

IV. Committee Discussion

V. Adjourn

House Appropriations Subcommittee on Education
Rep. Tolson (Chair)
Rep. Jeffus (Chair)
Rep. Carney (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

ATTENDANCE

Committee: JOINT APPROPRIATIONS/Subcommittee on Education

DATES / NAMES	May 13	May 28														
Rep. Becky Carney, Co-Chair	✓	✓														
Rep. Joe Tolson, Co-Chair	✓	✓														
Rep. Linda Johnson, Vice-Chair																
Rep. Jean Preston, Vice-Chair	✓	✓														
Rep. Ray Rapp, Vice-Chair	✓	✓														
Rep. Larry Bell	✓	✓														
Rep. George Cleveland																
Rep. Susan Fisher	✓	✓														
Rep. Mark Hilton																
Rep. Carolyn Justice	✓	✓														
Rep. Mickey Michaux, Jr.																
Rep. Earlene Parmon	✓	✓														
Rep. Louis Pate, Jr.	✓	✓														
Rep. John Sauls	✓	✓														
Sen. Jeanne Lucas, Co-Chair	✓	✓														
Sen. A.B. Swindell, Co-Chair	✓	✓														
Sen. Martin Nesbitt, Jr., Vice-Chair		✓														
Sen. John Garwood, RMM	✓	✓														
Sen. Bob Atwater																
Sen. Fletcher, Hartsell, Jr.	✓	✓														
Sen. Richard Stevens	✓	✓														

Minutes
Joint Appropriations
Subcommittee on Education/Higher Education

May 10, 2006

The Joint Appropriations Education Subcommittee held it's meeting on Wednesday, May 10, 2006 in Room 421 of the Legislative Office Building at 2:10 P.M. There were four Senators present. The following Representatives were present: Chairs: Maggie Jeffus, Joe Tolson, Becky Carney, Representatives: Jean Preston, Ray Rapp, Larry Bell, George G. Cleveland, Susan Fisher, Carolyn H. Justice, Earline W. Parmon, and Louis M. Pate Jr. Senator Lucas presided.

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 acknowledged the presence of the Sergeant at Arms staff, the pages, the Fiscal Research, and the staff of the Office of State Budget and management; Elizabeth Grovenstein, Pam Leaman, Kristin Crosson, Trey O'Quinn and Bryan Conrad. Charlie Crews, Deputy Director of the Office of State Budget and Management was present to assist in answering any questions if needed.

Senator Lucas recognized Elizabeth Grovenstein of the Office of State Budget and Management. The following members of the Office of State Budget and Management presented the Governor's Education Budget:

Elizabeth Grovenstein, OSBM, gave an overview of the Governor's Budget. After which, she called upon Ms. Pam Leaman, OSBM to present the Public Schools Budget. ***A detail description of the Public Schools presentation begins on page 38 to through page 45 of the attached Budget Document.***

Senator Lucas, recognized Kristen Crossman, and Trey O'Quinn to present the UNC Budget. ***A detail description of the UNC Budget begins on page 46 through page 52. of the attached Budget Document.***

Senator Lucas recognized Bryan Conrad of OSBM to present the NCCCS. ***A detail description of the NCCCS Budget begins on page 53 through page 58 of the attached Budget Document.***

After the presentations on the Governor's Education Budget, Senator Lucas opened the meeting for questions:

Questions: Several members asked how the Education Lottery has affected the increase in appropriations for public schools. ***Charlie Crews, Deputy Director of the North Carolina Office of State Budget and Management provided detail answers in attachment numbers two and three of the attached document entitled: Comparison of FY 2005-06 and FY 2006 Education Spending". In this document there is a break down for Public Schools, Community Colleges and the University System. Also included is a break down of all other Operation spending.***

Senator Lucas stated that since the purpose of this meeting was to get an overview of Governor Easley's Education Budget, the Committee would discuss each item when the committee reconvenes.

There being no further business the chair adjourned the meeting at 3:35 p.m.

Senator Jeanne H. Lucas
Presiding Chair

Baladier C. Miller
Committee Assistant

Public Education (13510)

Total Appropriations and Positions

	2006-07 Certified	2006-07 Recommended	Percentage Change
Requirements	$7,652,962,737	$7,909,034,556	3.3 %
Receipts	1,073,155,640	1,201,652,474	12.0 %
Appropriation	$6,579,807,097	$6,707,382,082	1.9 %
Positions	507.200	519.200	2.4 %

Appropriation Items – Recommended Adjustments

Technical Adjustments

2006-07

1. **Average Daily Membership**

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 for 2006-07 is an increase of 18,363 over the 1,417,112 ADM in the continuation budget, and a 38,103 increase over 2005-06. This recommended appropriation supports the ADM increase and includes a 2,000 ADM reserve due to military base closings. Receipts from the Highway Fund for the Driver Education program are adjusted by $457,971 due to a projected increase in ADM in the ninth grade.

Requirements	**$76,757,787**
Receipts	**$457,971**
Appropriation	**$76,299,816**

2. **Average Annual Salary Adjustment**

An adjustment is recommended to revise budgeted average annual salaries using actual 2005-06 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 recommended adjustment does not reduce teacher salaries.

Appropriation	**($56,180,428)**

3. **Reprogram Class Size Appropriation**

It is recommended that $127.9 million of the 2006-07 budget for class size be reprogrammed to lottery proceeds, consistent with legislation establishing and directing the use of proceeds from the NC Education Lottery. The General Fund money that has been fronted for this purpose is redirected to pay for increased public school teacher salaries.

Requirements	-
Receipts	**$127,864,291**
Appropriation	**($127,864,291)**

Total Recommended Technical Adjustments

Recurring

Requirements	$20,577,359
Receipts	128,322,262
Appropriation	($107,744,903)
Number of Positions	-

Nonrecurring

Requirements	-
Receipts	-
Appropriation	-
Number of Positions	-

Expansion

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 the North Carolina School of Science and Mathematics. These funds will provide for movement on the salary schedule based on years of experience, and will increase the salary schedule base by $2,250. Teachers will receive an average increase of 8% and administrators 7% in 2006-07. Employees at the top of their respective salary schedules and who therefore 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. **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 $90 million are recommended for awards earned in the 2005-06 school year and awarded in fall 2006. This recommended appropriation will maintain the current incentive levels based on the implementation of the new growth model.

Appropriation - Nonrecurring $90,000,000

Recruiting and Retaining Quality Teachers

1. **Online Professional Development Resource Center**

The Online Professional Development Resource Center is a web portal that catalogues professional development opportunities available to teachers and administrators. The portal includes searchable databases of professional development providers and criteria for determining quality of professional development offerings. A $100,000 nonrecurring appropriation is recommended for placement in a reserve in the NC Professional Teaching Standards Commission budget. Funding for the IT project will be released upon approval of the State Budget Director and the Chief Information Officer. The Professional Teaching Standards Commission will report to the State Board of Education no later than March 15, 2007.

Appropriation - Nonrecurring $100,000

Investing More Resources and Demanding More Accountability

1. **Full Support for Low Wealth Supplemental Funding**

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. This appropriation increases the funding to local education authorities (LEAs) with below state-average ability to raise local revenue for public schools. The use of the funds distributed through this formula is restricted to those items described in 2005 Session Law, Chapter 276, Section 7.6 (b). Local boards of education are required to report annually to the State Board of Education on funds used for this purpose. This recommended appropriation fully funds the Low Wealth Formula.

Appropriation $41,893,391

2. **Disadvantaged Student Supplemental Funding (DSSF)**

The Governor recommends an appropriation increase of $26,697,440. This appropriation increases the current budget of $22,500,000 allotted in fiscal year 2005-06 to the sixteen pilot LEAs and supports the distribution of funds to all 115 LEAs. Funds appropriated for Disadvantaged Student Supplemental Funding (DSSF) shall be allotted based upon a teacher to student ratio for the eligible DSSF population using the following formula: (1) LEAs in counties with wealth greater than ninety percent (>90%) per the low wealth supplemental formula shall receive one teaching position per 20.5 DSSF population, (2) LEAs in counties with wealth between eighty and ninety percent (>80% and <90%) shall receive one teaching position per 20 DSSF population, (3) LEAs in counties with less wealth than eighty percent (<80%) per the low wealth supplemental formula shall receive one teaching position per 19.5 DSSF population, and (4) LEAs receiving DSSF funds in 2005-2006 shall receive one teaching position per 16 DSSF population based on county wealth. LEAs receiving DSSF funds in 2005-2006 shall receive no less than the DSSF amount allotted in 2005-2006. LEAs are encouraged to reduce class size and/or hire additional instructional support personnel, such as counselors, social workers, and nurses.

Appropriation $26,697,440

3. **Evaluate Effectiveness of DSSF and Low Wealth Initiatives**

A key component of the Disadvantaged Student Supplemental Funding initiative is that local boards of education that are eligible for this fund are to submit plans to improve student performance by following specific strategies prescribed by the State Board of Education. To determine the effectiveness of these strategies, a third-party evaluation independently reviews the strategies being used to determine which ones lead to improved student performance. These funds also make it possible to evaluate other reform initiatives, including the high school reform programs and the impact of fully funding the Low Wealth Formula. The department received a nonrecurring appropriation of $150,000 in 2005-06. This recommended appropriation provides recurring funds to evaluate the extent to which LEAs use DSSF and Low Wealth supplemental allotments to improve outcomes for students at risk for school failure and the extent to which the Department of Public Instruction supports the LEAs in using DSSF and other supplemental allotments efficiently and effectively.

Appropriation **$750,000**

4. **21st Century Literacy Coaches**

This recommended appropriation would support hiring 100 school-based literacy coaches to be placed in 100 middle schools (or other public schools with an eighth grade) starting with the 2006-07 school year. Coaches will provide research-based teaching practices and job-embedded professional development to assist teachers in the development of curricula that enable students to develop mastery of 21st century skills. Funds for training the coaches are in the University of North Carolina budget.

Appropriation **$4,767,400**

5. **Director of High School Turnaround**

The Department of Public Instruction is currently contracting with an individual to coordinate assistance activities in school districts. Funding is recommended to continue this initiative. The responsibilities of the director will be to plan, organize and implement activities that focus on improving the performance of designated high schools in medium and small districts that have performance composites below 60%. The current contract salary is based on an annualized salary of $94,000 plus benefits of $17,350, totaling $111,350. The recommended expansion amount supports the current costs plus $11,000 for operating expenses such as supplies and travel.

Appropriation **$122,350**

Number of Positions **1.000**

21st Century 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 college and the workforce. The Governor recommends an increase in appropriation to expand the Learn and Earn program from 13 to 34 high schools in 2006-07. The funds will support program staff in each school and operating expenses to support students in preparing for the workforce and college. The recommended nonrecurring appropriation provides funds in the amount of $210,000 for start-up costs, $800,000 to support 20 planning grants for schools that will become operational in academic year 2007-08, and $523,360 to support the cost of four months principal's salary for each Learn and Earn planning site prior to becoming operational in the 2007-08 academic year.

Appropriation **$8,232,388**

Appropriation - Nonrecurring **$1,533,360**

2. **New Schools Project High Schools**

As part of the Governor's 21st Century High School Program, this program was funded to create small specialty schools-within-schools at eight existing high schools. This recommended appropriation will fund one additional principal, guidance counselor, and two clerical staff at 11 new sites, resulting in 21 new redesigned high schools in 2006-07, bringing the total to 32. A nonrecurring appropriation is recommended to support 10 planning grants in schools where the instruction is specifically redesigned around the following curricula: science, technology, engineering, and/or math (STEM). Nonrecurring funds recommended also include $261,680 to support four months principal's salary for each planning site prior to becoming operational in the 2007-08 academic year. Any implementation grants for STEM schools shall come from non-state sources, such as private and other public sources.

Appropriation $3,805,970

Appropriation - Nonrecurring $661,680

State Board of Education Initiatives

1. **State Board of Education Operating Support**

The Governor recommends that the current operating budget for the State Board of Education be increased by $50,000 on a recurring basis.

Appropriation $50,000

2. **Virtual High School**

This recommended appropriation provides funds to the State Board of Education to support 2006-07 implementation of North Carolina Virtual Public Schools (NCVPS) initiatives identified during the pilot phase conducted in 2005-06. This amount includes the cost of seven full-time positions for administration and support functions; course reviews, acquisition, and/or development; the cost of 22 positions for three months for instructional staff in preparation for 2007-08 academic year; and marketing and operational costs including rent, office supplies and furniture.

Appropriation $2,588,722

Appropriation - Nonrecurring $189,132

Number of Positions 7.000

3. **School Connectivity**

The Governor recommends an appropriation to support the NC Education Network and expand the number of the state's K-12 public schools to use technology as an instructional tool to prepare students for the demands of the 21st century workforce.

Appropriation - Nonrecurring $4,000,000

4. **Increase Noncertified Employee Pay**

This recommended appropriation of $8,582,073 supports a salary increase for noncertified personnel who are currently paid less than the minimum monthly or hourly state employee wage. These personnel include bus drivers, custodians, and teacher assistants. These funds are shown in the Compensation Reserve.

Agency Administrative Improvements

1. **Civil Penalty and Forfeiture Fund**

   Session Law 2005-276 directed a reduction of $120.5 million in appropriation in 2005-06 and $125.5 million in 2006-07, to be replaced with receipts from fines and forfeitures. Actual collections did not reach the projected amounts in fiscal year 2005-06 leaving the department with a shortfall. The recommended recurring appropriation is necessary to correct for actual collection experience.

   Appropriation **$30,000,000**

2. **Reserve for Utility and Fuel Costs**

   Due to the increase in diesel fuel costs, the State Public School Fund experienced a shortfall in the 2005-06 fuel budget. A nonrecurring appropriation is recommended to support actual diesel fuel cost projections for fiscal year 2006-07.

   Appropriation - Nonrecurring **$16,361,485**

3. **Legacy System Migration and Upgrade**

   This recommended nonrecurring appropriation brings the Department of Public Instruction's information technology applications into compliance with statewide architecture requirements. Funds will be placed in a reserve in the Department of Public Instruction. These nonrecurring funds may be carried forward into 2007-08. Funds not expended for this project will revert to the General Fund June 30, 2008.

   Appropriation - Nonrecurring **$2,000,000**

4. **Network Tool Replacement**

   The Department of Public Instruction currently relies on a network tool that will no longer be supported by Information Technology Services (ITS) effective June 2007. This recommended nonrecurring appropriation will support the cost of migrating to the tool that will be supported by ITS. The migration needs to occur in 2006-07 to meet the June 2007 deadline.

   Appropriation - Nonrecurring **$375,850**

5. **Information Technology Security Analyst**

   A recurring appropriation of $40,000 is recommended to support a half-time IT security analyst position. The position will assist in the development of a security program and the execution of the department's security charter to ensure compliance with federal regulations and state statute. The recommended appropriation includes salary and benefits in the amount of $38,467, plus operating costs.

   Appropriation **$40,000**

   Number of Positions **.500**

6. **Business Continuity Planning Analyst**

This recommended recurring appropriation supports a half-time business continuity planning analyst position. Currently the department does not have any FTE dedicated to continuity planning for the agency. The department has not fully addressed the business continuity planning function within the organization and requires additional staff to perform functions that will improve the agency's score on the security assessment.

Appropriation	**$42,500**
Number of Positions	**.500**

7. **Purchasing Agent II**

A purchasing agent II position is recommended for the Department of Public Instruction to meet workload demands to ensure that all contracts requiring bids are processed accurately. The position grade is a 69 and position cost including benefits is $58,220.

Appropriation	**$58,220**
Number of Positions	**1.000**

8. **Facility Electrical Engineer III**

A facility electrical engineer III position is recommended for the school planning section. This position requires advanced electrical engineering work in the review of designs, installation method, ease and economy of maintenance and repair of electrical systems. This review is required by G.S 115C-521 for all school construction regardless of the scope of work. This position also functions as the electrical engineering advisor to the staff of local school systems. The position is a grade 80 with a salary of $82,179. Total cost of the position is $101,925 including benefits and $4,000 of operating support. It is recommended that this position be funded from Public School Building Capital Fund receipts.

Requirements	**$101,925**
Receipts	**$101,925**
Appropriation	**-**
Number of Positions	**1.000**

9. **Business Technology Applications Analyst**

This recommended position would serve exclusively on the Exceptional Children's (EC) project team, which consists of five business units with 82 information technology systems. Critical functions performed by this position include collecting business requirements, conducting business process analysis, writing functional specifications. The EC delivery team is responsible for seven software systems in addition to the large, statewide technology system for exceptional children (CECAS). Project risk is high without exclusively dedicated staff trained in Exceptional Children Division business specifications. The total cost of the position is $72,647 including benefits. This position would be supported with federal receipts.

Requirements	**$72,647**
Receipts	**$72,647**
Appropriation	**-**
Number of Positions	**1.000**

Expansion Pass-Through Funds

1. Communities in Schools

This recommended recurring appropriation expands the current 2006-07 certified budget of $607,500 by $750,000. The program connects at-risk students and their families with resources to assist in school success and dropout prevention. Services include tutoring and mentoring.

Appropriation **$750,000**

2. NC Network

NC Network provides training for school-based management teams to improve the capacity of local administrative units. LEAs may contract with this agency using allotments that can be expended for professional development. The current budget is $312,625. This recommended recurring appropriation will expand the current budget by $100,000.

Appropriation **$100,000**

3. Teach for America

The Governor recommends a recurring appropriation of $200,000 for the Teach for America (TFA) program. These funds will support TFA's efforts to recruit teachers to North Carolina. Teach For America is the national corps of outstanding recent college graduates of all academic majors who commit two years to teach in urban and rural public schools and become lifelong leaders in ensuring educational equity and excellence for all children. Currently over 200 TFA corp members are teaching in North Carolina.

Appropriation **$200,000**

Total Recommended Expansion

Recurring	
Requirements	$120,272,953
Receipts	174,572
Appropriation	$120,098,381
Number of Positions	12.000
Nonrecurring	
Requirements	$115,221,507
Receipts	-
Appropriation	$115,221,507
Number of Positions	-

Total Recommended Adjustments for Public Education 2006-07

Recurring	
Requirements	$140,850,312
Receipts	128,496,834
Appropriation	$12,353,478
Number of Positions	12.000
Nonrecurring	
Requirements	$115,221,507
Receipts	-
Appropriation	$115,221,507
Number of Positions	-

The University of North Carolina (160xx)

Total Appropriations and Positions

	2006-07 Certified	2006-07 Recommended	Percentage Change
Requirements	$3,044,371,616	$3,181,338,196	4.5 %
Receipts	923,974,535	937,555,205	1.5 %
Appropriation	$2,120,397,081	$2,243,782,991	5.8 %
Positions	32,055.420	31,963.620	(0.3)%

Appropriation Items – Recommended Adjustments

Technical Adjustment

2006-07

1. **Restore NC A&T's Library Book Inflation Increase**

The universities received library book inflation increases for both years of the 2005-07 biennium. NC A&T's library book increase for 2006-07 was accidentally removed from the continuation budget. It is recommended that NC A&T's library book inflation increase be restored.

Appropriation **$145,491**

2. **Restore NC A&T's Utility Inflation Increase**

The universities received utility inflation increases for both years of the 2005-07 biennium. NC A&T's increase for 2006-07 was accidentally removed from the continuation budget. It is recommended that NC A&T's utility inflation increase be restored.

Appropriation **$17,786**

3. **Correct NCSSM's Textbook Increase**

The North Carolina School of Science and Math (NCSSM) received funds in the continuation budget for textbooks for 2006-07. However, after the continuation budget was finalized, NCSSM reported they had requested an insufficient amount. It is recommended that NCSSM's 2006-07 textbook budget be increased.

Appropriation **$52,250**

4. **Building Reserves**

As a result of adjustments to schedules in constructing or renovating facilities at constituent institutions of the University system, changes are recommended for funds that had been appropriated for 2006-07 for building reserves. Some campuses have buildings for which scheduled completion is later than the original date for which building reserves were approved. The budgets for the monthly operating costs are being reduced or increased according to the updated anticipated activation. A second adjustment is for replacing one-time appropriations lost during the 2005 session when some building reserves were moved from 2005-06 to 2006-07. These one-time costs include initial police officer supplies, equipment, moving costs and initial cleaning supplies.

Appropriation - Nonrecurring	**($9,634,513)**
Number of Positions	**(91.800)**

Total Recommended Technical Adjustments

Recurring	
Requirements	$215,527
Receipts	-
Appropriation	$215,527
Number of Positions	(91.800)
Nonrecurring	
Requirements	($9,634,513)
Receipts	-
Appropriation	($9,634,513)
Number of Positions	-

Expansion

2006-07

Increasing Quality Teachers Across the State

1. **UNC and NC Community College System 2+2 Joint E-Learning Initiative**

UNC and the NC Community College System are already working closely to develop 2+2 programs online. The Governor recommends recurring funding be provided to continue this 2+2 joint online initiative that began in 2005-06 with nonrecurring funds. This funding will be used to continue to build online capacity, teacher education courses, and accessibility for students in 2+2 teacher education programs.

Appropriation	**$1,000,000**

2. **UNC-Chapel Hill DESTINY Traveling Science Lab**

It is recommended that funds be provided for the DESTINY mobile science lab at UNC-Chapel Hill. These funds will support an additional mobile laboratory as well as the personnel and other costs associated with the program. Besides providing additional laboratory space, DESTINY will expand its subject area focus beyond high school biology, to extend collaborative partnerships with schools, local school administrative units, and other external organizations, and enhance its ability to provide teachers with science curricula and professional development.

Appropriation $1,650,000

Appropriation - Nonrecurring $350,000

3. **PEP Initiative to Improve the Management and Leadership Skills of Principals in High Need Schools**

The Governor recommends that recurring funding be provided to the Principals' Executive Program (PEP) to provide focused support to eligible high schools based on criteria set by the State Board of Education. PEP shall provide a customized professional development program and a coaching/mentor component that provides assistance at the school level. Important components of this overall initiative are teacher recruitment and retention, as reported through the Teacher Working Conditions Survey, and data driven decision making.

Appropriation $250,000

4. **North Carolina Teacher Academy Training of 21st Century Literacy Coaches**

Funds are recommended for the North Carolina Teacher Academy (NCTA) to train 21st Century Literacy coaches, as chosen by the State Board of Education, who will each be assigned to a middle school (or school containing an eighth grade) to provide professional development in 21st Century Literacy skills. NCTA will use appropriated funds to design, develop, and implement face-to-face training for these coaches. Additional online training modules will also be developed. Training will begin in the summer of 2006.

Appropriation $1,675,000

Appropriation - Nonrecurring $225,000

5. **Prospective Teacher Scholarship Loan**

The Governor recommends recurring funds to provide an additional 400 Prospective Teacher Scholarship Loans (PTSL). The PTSL program currently awards $2,500 annually to undergraduates working on teaching certification. Each year, over 900 qualified student applicants are unable to receive funding. Priority for the additional awards shall be given to students seeking teacher licensure in middle and high school mathematics and science and students participating in 2+2 teacher education programs.

Appropriation $1,000,000

Increasing Access to Higher Education

1. **Enrollment**

1. Enrollment Growth for UNC Campuses

The 2005-06 budget funded 172,245 full time equivalent (FTE) students, an increase of 6,736 FTE, which represented an increase of 4.07% over the 2004-05 levels. UNC campuses are projected to experience additional enrollment of 7,110 FTE or 4.13% for 2006-07 bringing the total FTE to 179,355. Full funding for enrollment growth is recommended by the Governor to support the student growth at UNC institutions. 92,573,799

2. NC School of Science and Mathematics Enrollment Growth

The Governor recommends $240,000 in enrollment growth for 12 new students at the NC School of Science and Mathematics. Funds will provide staff positions and student-related costs for food, medical coverage, textbooks, and furniture.

	240,000
Requirements	**$92,813,799**
	13,580,670
Receipts	**$13,580,670**
Appropriation	**$79,233,129**

2. **Need-Based Financial Aid**

Full funding of the UNC System's need-based financial aid request is recommended to address the system-wide enrollment growth as well as to hold needy students harmless from any tuition and fee increases approved for 2006-07. The program currently serves 30,000 needy resident undergraduates and was fully funded at $67,248,016 from Escheats Fund receipts in 2005-06.

Appropriation **$21,587,990**

Nursing and Health Care Programs

1. **Temporary Space for the Pharmacy Program at Elizabeth City State University**

A nonrecurring appropriation is recommended until additional budgetary data are made available to the Office of State Budget and Management's Capital Section in order to manage accurately the project's budget in accordance with S.L. 2004-179, Section 1.1.

Appropriation - Nonrecurring **$43,000**

2. **Nurse Scholars Program**

Recurring funds are recommended to expand the maximum scholarship loan award from $5,000 to $6,500 per year, as well as to increase the number of scholarships available from 450 to 750.

Appropriation **$2,750,000**

3. **Graduate Nurse Scholarship Program for Faculty Production**

The Governor recommends recurring funding to create a graduate nurse scholarship loan program to provide $15,000 for up to two years for master's candidates in nursing education, or three years for doctoral candidates. Within 7 years of graduation, each recipient is required to teach in a public nursing education program in North Carolina for 12 months for each year they receive a scholarship loan or they must repay the loan.

Appropriation **$1,200,000**

4. **New Bachelor of Science in Nursing Programs**

It is recommended that Fayetteville State University (FSU) and the University of North Carolina at Pembroke (UNCP) receive funds to support two new Bachelor of Science in Nursing programs, and that Appalachian State University (ASU) receive funds to support its new RN to BSN program. The new programs can be established more rapidly if initial funding is made available for faculty hiring, equipment and other necessities. FSU and UNCP will each receive $300,000 and ASU will receive $250,000.

Appropriation $301,368

Appropriation - Nonrecurring $548,632

Other UNC Initiatives

1. **Judicial College at UNC-Chapel Hill**

It is recommended that recurring funding be provided to expand the Judicial College program at UNC-Chapel Hill to provide ongoing training to judicial officials throughout the State.

Appropriation $750,000

2. **Information Technology**

A recurring appropriation for campus level information technology is recommended. Campuses are encouraged to use these funds for Banner implementation and disaster related costs, where applicable. Banner is a replacement of the legacy system; it has modules for finance, human resources, financial aid, student services, and advancement.

Appropriation $2,400,000

3. **NC A&T State University Matching Funds**

The Governor recommends that NC A&T receive $1,300,000 in mandated matching funds. The campus match of federal funds was increased from 90% to 100% 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.

Appropriation $1,300,000

4. **Biomanufacturing Research Institute and Technology Enterprise (BRITE) at NCCU**

In 2005-06, the General Assembly appropriated $2 million in recurring funds to the Biomanufacturing Research Institute and Technology Enterprise (BRITE) at NCCU. Funding was to be used for scientific equipment and supplies and hiring administrative and research personnel. It is recommended that BRITE be appropriated $2.5 million in recurring funds for operating support, curriculum development and equipment. BRITE's current budget is $2.5 million.

Appropriation $2,500,000

5. **Biomanufacturing Training and Education Center (BTEC) at NCSU**

In 2005-06, the General Assembly appropriated $2.94 million in recurring funds to the Biomanufacturing Training and Education Center (BTEC) at NC State University. Funding was to be used for scientific equipment and supplies and hiring administrative and research personnel. It is recommended that BTEC be appropriated $2 million in recurring funds for operating support, curriculum development and equipment. BTEC's current budget is $3.44 million.

Appropriation $2,000,000

6. **Economic Development Partnership Initiative at NCSU**

The Governor recommends that NCSU be appropriated $300,000 to support the New Business Creation Initiative (NBCI) to advance business opportunities of university intellectual property.

Appropriation $300,000

7. **North Carolina in the World Project**

In 2005-06, the legislature appropriated a nonrecurring $200,000 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." It is recommended that $200,000 be provided in recurring funds to The Center for International Understanding to continue the project. The Center's current budget is $492,668.

Appropriation $200,000

8. **Salary Increases for Faculty and Staff**

The Governor recommends funding in the compensation reserve for salary increases for employees of the University of North Carolina and the North Carolina School of Science and Mathematics (including those supported by state funds and who are either exempt from the State Personnel Act (EPA) or subject to the act (SPA)) effective July 1, 2006. For all EPA teaching and nonteaching faculty, funds are recommended for an increase of 4% in 2006-07 according to rules adopted by the UNC Board of Governors. For all SPA employees, funds are recommended to provide a 4% increase in 2006-07. North Carolina School of Science and Mathematics teachers will receive an increase equivalent to other public school teachers.

9. **Reserve for Utility and Fuel Costs**

It is recommended that $11,540,777 in funding be appropriated into a Utilities Reserve to compensate for shortfalls in university utility budgets caused by higher utility rates. The shortfalls occurred in the electrical, natural gas, fuel oil, gasoline and diesel utilities.

Appropriation - Nonrecurring $11,540,777

Total Recommended Expansion	
Recurring	
Requirements	$133,678,157
Receipts	13,580,670
Appropriation	$120,097,487
Number of Positions	-
Nonrecurring	
Requirements	$12,707,409
Receipts	-
Appropriation	$12,707,409
Number of Positions	-

Total Recommended Adjustments for The University of North Carolina 2006-07

Recurring	
Requirements	$133,893,684
Receipts	13,580,670
Appropriation	$120,313,014
Number of Positions	(91.800)
Nonrecurring	
Requirements	$3,072,896
Receipts	-
Appropriation	$3,072,896
Number of Positions	-

Community Colleges (16800)

Total Appropriations and Positions

	2006-07 Certified	2006-07 Recommended	Percentage Change
Requirements	$991,953,715	$1,025,531,719	3.4 %
Receipts	224,657,829	218,397,070	(2.8)%
Appropriation	$767,295,886	$807,134,649	5.2 %
Positions	192.000	197.000	2.6 %

Appropriation Items – Recommended Adjustments

Technical Adjustments

2006-07

1. **State Aid - Hospitalization Insurance**

   It is recommended that the hospitalization insurance for community college faculty and staff be fully funded at the 2006-07 rate. The NC Community College System's 2006-07 request was inadvertently made at the 2005-06 rate.

   Appropriation $1,398,201

Total Recommended Technical Adjustments

Recurring

Requirements	$1,398,201
Receipts	-
Appropriation	$1,398,201
Number of Positions	-

Nonrecurring

Requirements	-
Receipts	-
Appropriation	-
Number of Positions	-

Expansion

2006-07

Increasing Access to Higher Education

1. **Enrollment Growth**

The Governor recommends full funding for enrollment growth. The spring semester 2005-06 census from the Community College System Office shows a total enrollment increase of 2,250 full-time equivalent (FTE) students above the 2005-06 budgeted enrollment of 190,750. The 2006-07 budgeted enrollment is 193,000 FTE, a 1.18% increase over 2005-06. Curriculum enrollment increased by 1,126 FTE (or 0.75%), continuing education enrollment by 1,083 FTE (or 4.77%), and basic skills enrollment by 41 FTE (or 0.22%).

Requirements	**$8,987,043**
Receipts	**$1,946,953**
Appropriation	**$7,040,090**

2. **Multi-campus Funding**

Community colleges offer courses at multi-campus sites to accommodate student educational needs. These sites must provide student services and offer at least one degree program entirely on-site. Funds are recommended to serve higher enrollments and to support the operation of these multi-campus sites.

Appropriation	**$601,171**

3. **Enrollment Growth Reserve**

It is recommended that funds be provided as an enrollment reserve to assist colleges that experience high growth in the fall semester. The State Board of Community Colleges shall distribute funds to colleges in which the fall semester enrollment growth exceeds 5% above the previous fall.

Appropriation	**$2,000,000**

4. **Need-Based Financial Aid for Teaching and Nursing Students**

The Governor recommends providing $500,000 for need-based financial aid. These funds shall be targeted to NC students enrolling in programs that prepare the student for a teaching or nursing career.

Appropriation	**$500,000**

5. **Course Management System and Learning Objects Repository**

An enterprise course management system and learning objects repository are needed by the NC Community College System to provide a state-of-the-art online teaching and learning platform. These resources will support online, hybrid, and traditional instruction, and will include online learning modules for statewide use.

1. Course Management System accessible for all 58 community colleges.	1,500,000
2. Learning Objects Repository to be hosted by MCNC	500,000
Appropriation	**$2,000,000**

6. **Virtual Learning Community Development Centers**

The Governor recommends funds be appropriated to establish four Virtual Learning Community development centers. Of these centers, three shall be devoted to curriculum development and one shall be devoted to continuing education courses, such as public safety. The centers will be located at community colleges and will develop online curriculum and continuing education courses and learning modules to be shared among all 58 community colleges.

Appropriation **$1,025,000**

7. **Online Help Desk**

An online help desk is recommended to meet student needs with reliable and well managed support services that are deployed quickly, accurately, and satisfactorily and which will be available at any time. Online assistance can be delivered at significantly reduced costs when compared to locally supported or contracted help desk support.

Appropriation **$740,000**

8. **NC Information Highway Expansion**

It is recommended that funds be provided to expand the NC Information Highway (NCIH) to the eight community college main campuses without NCIH access. Expansion of the NCIH will locate one videoconferencing site in each NC community college's service area. Completion of this network would deliver real-time, multi-point (multiple site), interactive, high quality voice, video, and digital transmission to facilitate instruction, meetings, staff development, training, interviews, and student services.

Appropriation - Nonrecurring **$120,000**

Quality Teachers, Quality Pay

1. **Faculty and Professional Staff Salary Increases**

The Governor recommends providing $28.2 million for a 4% salary increase for the State Board of Community Colleges to distribute to community college faculty and professional staff. This amount is in addition to the 4% statewide salary increase that is being recommended for the 2006-07 fiscal year. The actual appropriation is located in the Compensation 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. **Tuition Receipts Adjustment**

An $8,207,712 appropriation to replace under realized tuition receipts is recommended. These receipts are being reduced to reflect actual receipts collected in the 2004-05 fiscal year. This reduction is in accordance with NC General Statutes Chapter 143-11, as amended by the 2005 General Assembly (S.L. 2005-276, Section 6.4).

Requirements **-**

Receipts **($8,207,712)**

Appropriation **$8,207,712**

2. **Equipment**

The Governor recommends providing $11,000,000 to help address the equipment needs in the community colleges. These additional funds will help reduce program waiting lists and meet technology training needs, thereby supporting quality education and training experiences for community college students.

Appropriation $11,000,000

3. **NCCCS BioNetwork Capstone Center**

It is recommended that funds be appropriated for specialized supplies at the NCCCS BioNetwork Capstone Center. The Capstone Center will be housed in dedicated space at the Biomanufacturing Training and Education Center being built on NC State's Centennial Campus. Biotechnology students and workers from across the state travel to the Capstone Center for education and hands-on training with large-scale production process equipment.

Appropriation $310,000

4. **Regional Customized Training Directors**

The Governor recommends providing funds for two regional customized training directors. One director will serve the Northeast Economic Development Region, and one director will serve the Southeast Economic Development Region. These directors will serve as liaisons to business and industry sectors for providing customized training programs, including New and Expanding Industry Training (NEIT), Focused Industry Training (FIT) and Customized Industry Training (CIT).

Appropriation $148,470

Appropriation - Nonrecurring $5,000

Number of Positions 2.000

5. **Additional Community College Financial Aid Staff**

Funds are recommended for an additional 0.5 FTE financial aid position in the base allotment. Funds may be used to hire additional staff to help financial aid offices with tasks such as one-on-one student consultations, monitoring academic progress, and complying with federal and state reporting requirements. Of these funds, $174,000 may be used for professional development of community college financial aid staff.

Appropriation $1,865,715

6. **Associate Director of Financial Aid**

An associate director of financial aid position will aid in managing the increasing number of grants and scholarship programs within the NC Community College System. This position will also provide guidance, leadership, and training to assist college financial aid offices in reducing liabilities associated with managing federal and state financial aid programs. Funds are recommended to establish this new position.

Appropriation $73,466

Appropriation - Nonrecurring $4,150

Number of Positions 1.000

7. **Additional Community College Student Services Support Staff**

Funds are recommended for an additional 0.5 FTE student services support position in the base allotment. The increase in enrollment in recent years has created a greater demand on student services at the community college. These funds may be used to hire additional professional staff where needed.

Appropriation $1,691,715

8. **Statewide Director of Joint High School-Community College Programs**

It is recommended that funds be provided to create a full-time statewide director of joint high school-community college programs. This position will assist community colleges who are sponsoring Learn and Earn programs on their campuses and will act as a liaison between the colleges and the Learn and Earn program staff at the New Schools Project. This position will also serve as the NCCCS statewide coordinator for all joint high school-community college programs, including the Huskins and dual enrollment programs.

Appropriation	**$83,950**
Appropriation - Nonrecurring	**$4,150**
Number of Positions	**1.000**

9. **NCCCS BioNetwork Industry Liaison**

An NCCCS BioNetwork industry liaison will assist in recruiting biotechnology and related industries to North Carolina. This EPA position will work with community colleges and the Department of Commerce on tailoring services to meet the needs of the biotechnology industry.

Appropriation	**$170,850**
Appropriation - Nonrecurring	**$4,150**
Number of Positions	**1.000**

10. **NC REAL Enterprises**

The Governor recommends that $250,000 be provided to NC REAL Enterprises to partner with community colleges to help rural, low wealth, and minority individuals and communities develop entrepreneurial talent and create businesses that contribute to the local economy. Of this recommended amount, $150,000 will replace one-time funds no longer available from the Worker Training Trust Fund.

Appropriation	**$250,000**

11. **New Program Start-Up Funds**

The Governor recommends that additional funds be provided to the State Board of Community Colleges Reserve to provide community colleges with start-up funding for new and innovative programs, particularly those aimed at addressing statewide needs and high-demand occupations, such as teaching and allied health.

Appropriation	**$500,000**

12. **Furniture and Equipment Replacements**

Nonrecurring funds are recommended for furniture and equipment replacement at the Community College System Office.

1. General Office Furniture	34,693
2. General Office Equipment	40,280
3. Vehicle Replacement	20,000
Appropriation - Nonrecurring	**$94,973**

Total Recommended Expansion

Recurring

Requirements	$31,947,380
Receipts	(6,260,759)
Appropriation	$38,208,139
Number of Positions	5.000

Nonrecurring

Requirements	$232,423
Receipts	-
Appropriation	$232,423
Number of Positions	-

Total Recommended Adjustments for Community Colleges 2006-07

Recurring

Requirements	$33,345,581
Receipts	(6,260,759)
Appropriation	$39,606,340
Number of Positions	5.000

Nonrecurring

Requirements	$232,423
Receipts	-
Appropriation	$232,423
Number of Positions	-

Attachment #2

Comparison of FY 2005-06 and FY 2006-07 Education Spending

	FY 2005-06 Gen. Fund Approp.	FY 2006-07 Gen. Fund Approp.	% Change	FY 2006-07 Lottery Approp.	FY 2006-07 Total Lottery & Gen. Fund	% Change
Public Instruction	6,881	7,404	7.6%	383	7,787	13.2%
Community Colleges	828	912	10.1%	11	923	11.4%
University System	2,151	2,408	11.9%	32	2,440	13.4%
***Education Subtotal**	**9,860**	**10,724**	**8.8%**	**425**	**11,149**	**13.1%**
All Other Operating	7,281	7,797	7.1%	0	7,797	7.1%
GRAND TOTAL	17,141	18,521	8.1%	425	18,946	10.5%

Attachment #3

STATE OF NORTH CAROLINA
Office of the State Auditor

LESLIE W. MERRITT, JR., CPA, CFP
STATE AUDITOR

2 S. SALISBURY STREET
20601 MAIL SERVICE CENTER
RALEIGH, NC 27699-0601
TELEPHONE: (919) 807-7500
FAX: (919) 807-7647

May 9, 2006

The Honorable Michael F. Easley, Governor
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

Dear Governor Easley:

We appreciate the opportunity to have met with Mr. Dan Gerlach, Senior Policy Advisor, yesterday to discuss the proposed use of lottery proceeds in the budget for the 2006-07 fiscal year. At the meeting, Mr. Gerlach presented a schedule intending to demonstrate that lottery proceeds will not be used to supplant existing education spending.

While we have not performed a detailed audit of the underlying financial data, we believe that the methodology applied in the computation is reasonable and should result in avoiding supplanting current spending on pre-K through grade-12 programs when considered in total, as well as spending on school construction and college scholarship programs.

Again, thank you for your efforts and response to our inquiries.

Sincerely,

Leslie Merritt

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

✓ CC: Dan Gerlach, Senior Policy Advisor

A+ Schools Program

University of North Carolina at Greensboro

Thank you for restoring State Funding to the A+ Schools Program!

New legislative funding of $100,000 a year for FY 2005-07 helps support 42 A+ Schools in 23 North Carolina school districts.

The A+ Schools Program needs $500,000 a year to establish and support an A+ School in every school district in North Carolina.

Key Facts About A+. . .

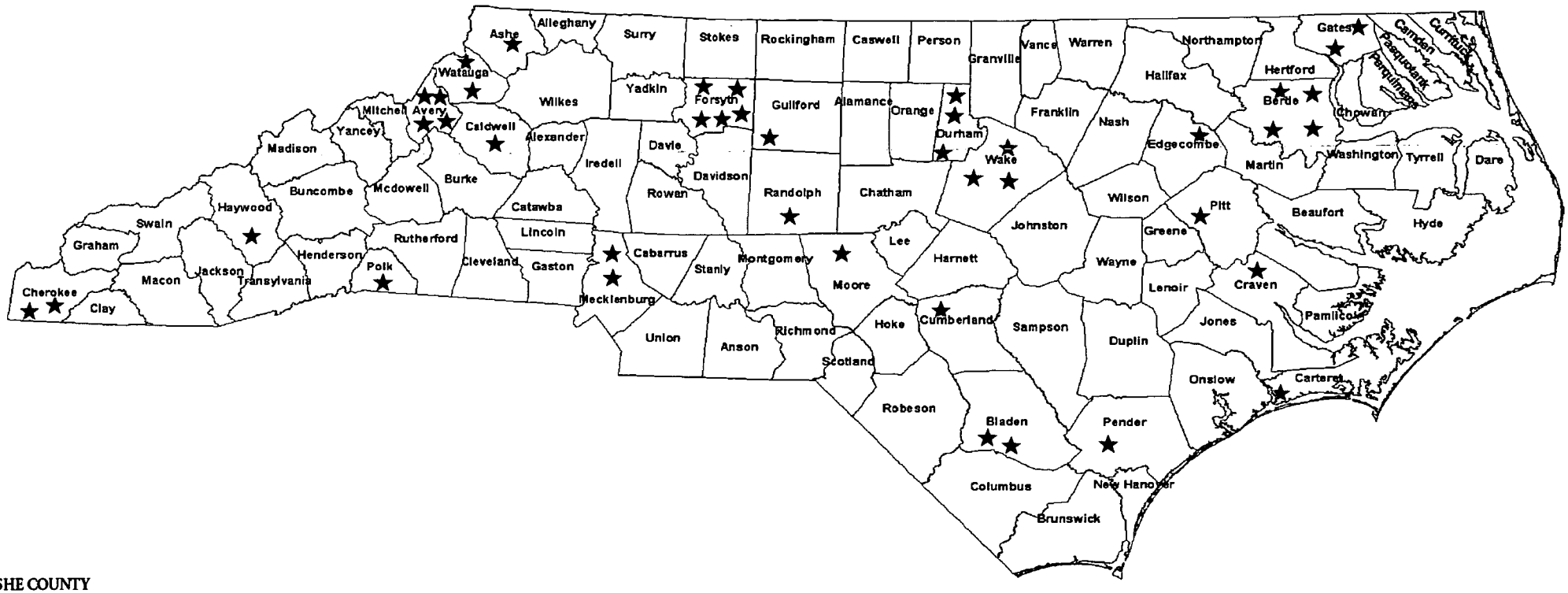
- "Home grown" in North Carolina as a public-private partnership
- Serving K-12 public schools since 1995
- Meets NC curriculum accountability standards
- Nationally recognized, research-based program
- Arts-integrated whole-school reform model

A+ Funding Facts. . .

- Partially funded by the North Carolina General Assembly from 1995 – 2001
- Partially funded by the Kenan Institute for the Arts and corporate foundations
- In 2003 the Program moved to UNCG with Kenan support ending in 2005
- Continually seeks public and private grant funding

For additional information contact:
Gerry Howell, Executive Director
A+ Schools Program at UNCG
336.334.3114
gerryhowell@uncg.edu

North Carolina A+ Schools 1995-2006



ASHE COUNTY
Westwood Elementary School, West Jefferson, NC (PK-6)

AVERY COUNTY
Avery Middle School, Newland, NC (6-8)
*Banner Elk Elementary School, Banner Elk, NC (PK-5)
*Beech Mountain Elementary School, Elk Park, NC (K-8)
Cranberry Middle School, Elk Park, NC (6-8)

BERTIE COUNTY
*Askewville Elementary School, Windsor, NC (PK-5)
*Aulander Elementary School, Aulander, NC (PK-5)
J.P. Law Elementary School, Merry Hill, NC (PK-5)
Windsor Elementary School, Windsor, NC (K-5)

BLADEN COUNTY
*Booker T. Washington Primary School, Clarkton, NC (PK-5)
*Clarkton School of Discovery, Clarkton, NC (6-8)

CALDWELL COUNTY
*Davenport A+ School, Lenoir, NC (PK-5)

CARTERET COUNTY
*White Oak Elementary School, Cape Carteret, NC (K-5)

CHARLOTTE/MECKLENBERG COUNTY
Community Charter School, Charlotte, NC (K-5)
Irwin Avenue Open School, Charlotte, NC (PK-5)

CHEROKEE COUNTY
*Hiwassee Dam Elementary/Middle School, Murphy, NC (PK-8)
*Hiwassee Dam High School, Murphy, NC (9-12)

CRAVEN COUNTY
Oaks Road Elementary School, New Bern, NC (K-5)

CUMBERLAND COUNTY
*Mary McArthur Elementary School, Fayetteville, NC (PK-5)

DURHAM COUNTY/DURHAM CITY
*Durham School for the Arts, Durham, NC (6-12)
*Little River Elementary School, Durham, NC (K-5)
R.N. Harris Magnet School, Durham, NC (K-5)

EDGECOMBE COUNTY
*Pattillo A+ School, Tarboro, NC (4-6)

GATES COUNTY
*Gatesville Elementary School, Gatesville, NC (K-5)
*T.S. Cooper Elementary School, Sunbury, NC (PK-5)

GUILFORD COUNTY
*Parkview A+ Magnet School, High Point, NC (PK-5)

HAYWOOD COUNTY
*Central Elementary School, Waynesville, NC (PK-5)

MOORE COUNTY
STARS Charter School, Vass, NC (K-5)

PENDER COUNTY
*Burgaw Elementary School, Burgaw, NC (PK-5)

PITT COUNTY
*Sadie Saulter Elementary School, Greenville, NC (K-5)

POLK COUNTY
*Saluda School, Saluda, NC (PK-8)

RANDOLPH COUNTY/ASHEBORO CITY
*Donna Lee Loflin Elementary School, Asheboro, NC (K-5)

WAKE COUNTY
*Bugg Creative Arts and Science, Raleigh, NC (PK-5)
Douglas Creative Arts and Science, Raleigh, NC (K-5)
East Millbrook Middle School, Raleigh, NC (6-8)

WATAUGA COUNTY
Mabel Elementary School, Zionville, NC (PK-8)
Valle Crucis Elementary School, Sugar Grove, NC (K-8)

WINSTON-SALEM/FORSYTH COUNTY
Arts Based Elementary School, Winston-Salem, NC (K-5)
Diggs Visual and Performing Arts Magnet, Winston-Salem, NC (PK-5)
Hill Magnet Middle School, Winston-Salem, NC (6-8)
*Mineral Springs Elementary School, Winston-Salem, NC (K-5)
*Mineral Springs Middle A+ Academy, Winston-Salem, NC (6-8)

*Denotes one of the original 25 A+ Schools Program sites in 1995

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 05/10/06

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
CLIFF MITCHELL	NC COMMUNITY COLLEGE FACULTY ASSOC
Jim Stegall	NC Legislative Services
Becky McConkey	NC DPI
Stacy Wilson	NC SBE
Rebecca Garland	NC SBE
Molly McHale	Low Wealth Schools
Molly Ryan	NCSBA
Anne C. Bradow	PENC
Suzanne Ward	NCCCS
Joanne Stevens	NCNA
Ann McArthur	Governor's Office

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 05/10/06

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
	NCICU
	Public Sch. Forum
GERRY HOWELL	At Schools Program - UNCG
Roz Savitt	NC COC
Charlie Perusse	OSBM
Ginger Burks	UNC GA
RB Nelson	UNC GA
	NCCCS
	Poyner + Spruill
Evelyn Hawthorne	ETRC
Michelle Bank	State Gov't Radio

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 05/10/06

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Linda Self	President Durham Assoc of Educators 2919 Colony Rd Durham 27705
Charlotte Waddell	NCAE Forsyth Assn. Ed 1529 Herker Rd Kernersville NC 27284
Cecil BANKS	NCAE
Michael Houser	NCAE
Bonnie Vause	NCAE
Joe Maimone	Thomas Jefferson Classical Academy, Rutherford
Franklin Freeman	Governor's office
Jane Jay Brown	Arts NC
Gilda McDaniel	Chairman Arts
Chad Hinton	Civitas Institute
Brian Lewis	Covenant

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
David Riggs	East Surry High School
Andrew Jones	East Surry High school
Suzanne Beasley-Mabyse	SEANC
Ardis Watkins	SEANC
Jessica Beasley	East Surry High School
Beth Tucker	East Surry High School
Darry Diamont	East Surry High
Dove Shelton	East Surry High
Barbara Beatty	ESAS
Terry Stoops	John Locke Foundation
Shannon Blosser	Pope Center for Higher Ed Policy

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bronson Cline	East Surry High School
Heather Montgomery	East Surry High School
David Diamont	Teacher / Coach East Surry, Pilot Mtn NC
Daniel Boone	
Dawn Fitzgerald	NC Family Policy Council
Carolyn McKinney	NCAE
Mark Fleming	Work for Perrosse

05/10/06

PAGES:

SENATE
AMANDA HUBER
WINTERVILLE
SEN BASNIGHT

KRISTEN BYRUM
ELIZABETH CITY
SEN-BASNIGHT

KRISTA ANDERSON
SMITHFIELD
SEN-SMITH

HOUSE
STEPHANIE DOWD
STOKES
REP HOLLOWAY

OLIVIA
LA MONTAGNE
IRION
REP. B CRAWFORD

Joint Appropriations Subcommittee on Education

Agenda

Monday, May 15, 2006, 4:00 P.M.

Room 421, Legislative Office Building

Representative Carney, Presiding

I. Welcome

Representative Carney

II. Recommended Education Budget

- Public Schools — *Adam Levinson, FRD*
- Universities — *Richard Bostic, FRD*, *Jennifer Haygood, FRD*
- Community Colleges — *Kristine Leggett, FRD*

IV. Committee Direction and Discussion

V. Adjourn

House Appropriations Subcommittee on Education
Rep. Tolson (Chair)
Rep. Jeffus (Chair)
Rep. Carney (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

Monday, May 15, 2006
4:00 p.m.
Room 421, Legislative Office Building

The Joint Appropriations Subcommittee on Education met on Monday, May 15, 2006, at 4:00 p.m., in Room 421 of the Legislative Office Building. The following members were present: Representatives Carney, Jeffers and Tolson, Co-Chairs; Representatives Johnson, Preston, Rapp, Bell, Cleveland, Fisher, Parmon, and Pate; and Senators Lucas, Swindell, Garwood, Atwater, Hartsell, and Stevens.

Representative Carney, presiding Co-Chair, introduced the House and Senate Sergeant at Arms staffs who assisted with the meeting.

Each committee member was given a draft of the Joint Recommendations Education Budget dated May 15, 2006 (**copy attached**). Various sections of that Budget were discussed by the Fiscal Research Staff assigned to this committee. Adam Levinson stated that he would note Governor's items, and he then went over the budget for Public Schools. Richard Bostic discussed part of the University budget; Jennifer Haygood went over the remaining University items. Kristin Walker reported on the Community College items.

Representative Carney gave committee members an opportunity to ask questions.

The Subcommittee adjourned at 4:40 p.m.

Representative Becky Carney, Co-Chair Presiding

Joyce A. Langdon, Committee Assistant

Referenced attachment is included as a part of these minutes.

Joint Appropriations Subcommittee on Education
Education Budget
Joint Recommendations

DRAFT

May 15, 2006

Total Budget Approved 2005 Session

FY 06-07
$6,579,807,097

Budget Changes

A. Adjustments - State Public School Fund

1 Average Daily Membership (ADM) $76,299,816 R

Revises projected increase in ADM for FY 2006-07 to reflect 18,363 more students than originally projected. Dollar amount of adjustment includes increases in all position, dollar, and categorical allotments.

Total funded ADM for FY 2006-07 is 1,435,475, an increase of 38,103 over FY 2005-06.

Due to a projected increase in ninth grade ADM, receipts from the Highway Fund budgeted for Driver's Education will increase by $457,971.

2 Budgeted Average Salary ($56,180,428) R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2005. Adjustment does not reduce any salary paid to certified personnel.

3 Budget Receipts from NC Education Lottery ($127,864,291) R

Consistent with legislation establishing and directing the use of proceeds from the NC Education Lottery, budget receipts from NC Education Lottery Fund to support class size reduction. This action repays the the General Fund for funds that had been provided for class size reduction until such time as the NC Education Lottery could be established and implemented. The Gneral Fund dollars that had paid for class size reduction will be redirected to pay for increased public school teacher salaries.

B. Expansion: State Public School Fund

4 Restore Base Budget Funding $44,291,248 R

Restores full base budget funding by eliminating the recurring LEA Discretionary Reduction.

5 ABC Bonuses

Funds ABC bonuses for schools that met or exceeded expected growth in the 2005-06 school year. $90,000,000 NR

DRAFT

FY 06-07

6 Disadvantaged Student Supplemental Funding (DSSF) — $26,697,440 R

Provides additional supplemental funding to be distributed to all LEAs to support their efforts to serve students who are the most at risk of academic failure. Beginning in 2006-07, all DSSF funds will be distributed based on a formula that takes into account each LEA's relative need. The sixteen LEAs receiving DSSF funds in 2005-2006 will receive no less than the DSSF amount allotted in 2005-2006.

7 Evaluate Effectiveness of DSSF and Low Wealth — $500,000 R

Provides additional funds to support comprehensive evaluation of: (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.

8 Director of High School Turnaround — $122,350 R

Provides funds to establish permanent position to coordinate technical assistance to school districts with high schools identified as critically low performing (performance composite below 60%).

1.00

9 Learn and Earn Initiative — $8,232,388 R; $1,533,360 NR

Expands the Learn and Earn initiative into an additional 19 high schools (bringing the total to 34). Provides planning grants to 20 additional high schools.

10 Small Specialty High Schools — $3,805,970 R; $661,680 NR

Expands the small specialty high school initiative by creating 21 new small specialty schools-within-schools at 11 new sites (bringing the respective totals to 32 schools at 19 sites). Provides planning grants at 10 small schools that intend to design instruction around the following curricula: science, technology, engineering, and/or math (STEM). Provides $261,680 to support four months of principal salary for each planning site prior to becoming operational in the 2007-08 school year.

11 State Board of Education Operating Support — $50,000 R

Provides additional funds to support operations of the expanded State Board of Education.

12 Virtual High School — $2,588,722 R; $189,132 NR

7.00

Provides funds to support implementation of the NC Virtual Public Schools initiative. Funds provide for seven administrative and support positions, 22 three-month positions, and both one-time and ongoing operating support.

13 School Connectivity — $4,000,000 NR

Provides funds to upgrade public school connectivity as part of efforts to establish a comprehensive K-20 educational network. The State Board of Education will determine through a competitive application process which LEAs will receive funding.

14 Reserve for Fuel Costs — $15,772,047

Provides funds to be used as needed in FY 2006-07 to support projected increased diesel fuel expenditures.

C. Expansion: Department of Public Instruction

15 Legacy System Migration and Upgrade

Provides a reserve of funds to be used to bring DPI's information technology applications into compliance with statewide architecture requirements. Funds may be carried forward into FY 2007-08. Any unused funds will revert to the General Fund on June 30, 2008.

$2,000,000 NR

16 Network Tool Replacement

Provides funds to support the cost of migrating from a network tool not supported by ITS to a tool that is supported.

$375,850 NR

17 Information Technology Security Analyst

Provides funds to support a half-time IT security analyst position. The analyst will assist in the development of a security program and the execution of the DPI security charter to ensure compliance with federal regulations and state law.

$40,000 R

0.50

18 Business Continuity Planning Analyst

Provides funds to support a half-time business continuity planning analyst position. The analyst will develop and perform business continuity planning and management to ensure that DPI is in compliance with state law.

$42,500 R

0.50

19 Purchasing Agent

Provides funds to support a Purchasing Agent II position. The agent will ensure accurate and efficient processing of all non-IT related service contracts requiring bids.

$58,220 R

20 Establish Professional Development Center

Provides funds to establish a pilot center for the purpose of coordinating and assisting in the delivery of leadership and professional development for eastern North Carolina school districts.

$750,000 R

21 Facility Electrical Engineer

Provide $101,925 from Public School Building Capital Fund receipts to support a Facility Electrical Engineer III position in DPI's School Planning section. The engineer will function as the electrical engineering advisor to the LEAs, and will assist with the review of designs, installation method, ease and economy of maintenance and repair of electrical systems that is required by statute for all school construction.

22 Business Technology Applications Analyst

Provide from federal receipts $72,647 to support a buiness technology applications analyst. The analyst will serve exclusively on the Exceptional Children's project team.

D. Expansion: Pass-Through Funds

23 Communities in Schools

Provides additional pass-through funding to State-level non-profit program that supports local CIS programs' efforts to connect at-risk students and their families with resources that will help the students succeed in school. $750,000 NR

24 NC Network

Provides additional pass-through funding to non-profit program that provides training to school-based management teams. $100,000 NR

25 NC Humanities Council Teacher Institute Program $100,000 R

Provides funds to non-profit program focused on promoting teaching and learning that develops teachers' capacity to understand, empathize with, and relate to various cultures.

26 Teach for America

Provides funds for non-profit organization that recruits recent college graduates in non-education majors to teach in hard-to-staff schools. $200,000 NR

Budget Changes	**($20,466,065)**	R
	$115,582,069	NR
Total Position Changes	9.00	
Revised Total Budget	**$6,674,923,101**	

DRAFT

GENERAL FUND

Total Budget Approved 2005 Session	FY 06-07 $2,120,397,081

Budget Changes

A. Base Budget Adjustments

27 Building Reserves Adjustment

Adjusts the building reserves for operating costs of new buildings due a change in their completion dates. However, this change in reserves grants additional one-time funds to campuses for supplies, equipment, and moving costs for buildings that opened in FY 05-06, but were inadvertently cut in the 2005 Session.

($9,595,070) NR
-91.80

28 NC A&T Inflationary Increases

Restores inflationary increases for library book acquisition ($145,491) and utilities ($17,786) that were left out of the base budget submitted by the Governor in the 2005 Session.

$163,277 R

29 NC School of Science and Math Textbook Increase

Increases the budget for textbooks for the North Carolina School of Science and Math. The school failed to request an increase in the 2005 Session that was sufficient to fund the increase in textbook prices.

$52,250 R

B. Expansion

30 Enrollment Growth for UNC Campuses

Funds enrollment growth for undergraduate and graduate students in regular term and distance education programs. Enrollment is anticipated to grow by 7,110 full time equivalent (FTE) students in FY 06-07.

$78,993,129 R
575.00

31 Enrollment Growth for NC School of Science and Math

Increases the enrollment at the North Carolina School of Science and Math by 12 students.

$240,000 R
3.75

32 Need-Based Financial Aid

Increases need-based financial aid for an increase of 1,730 eligible students entering UNC institutions in the Fall of 2006. The increase will also help the 34,930 students now receiving financial aid with price increases in tuition, fees, room, board, books, and supplies.

$21,587,990 R

33 ECSU Pharmacy Space

Pays the lease costs for six modular units that temporarily house the ECSU Pharmacy Program until a permanent facility is constructed.

$43,000 NR

DRAFT

FY 06-07

34 Nurse Scholars Program — $1,500,000 R

Increases the number of new scholarship loans from 450 to 750. The maximum scholarship is $5,000.

35 Graduate Nurse Scholarship Program for Faculty Production — $1,200,000 R

Creates a graduate nurse scholarship loan program to provide $15,000 per year for up to two years for master's candidates in nursing education and up to three years for doctoral candidates. Each recipient is required to teach in a public nursing education program in North Carolina for each year they receive a scholarship loan or they must repay the loan.

36 New Bachelor of Science in Nursing Programs — $850,000 NR

Provides startup funds for new Bachelor of Science in Nursing programs at Fayetteville State University and UNC-Pembroke and a new RN to BSN program at Appalachian State University. FSU and UNCP will each receive $300,000 and ASU will receive $250,000.

37 Judicial College — $500,000 R

Increases the operating funds for judicial training at the School of Government at UNC-Chapel Hill. The Judicial College was approved in the 2005 Session with an initial appropriation of $250,000.

38 NC A & T State University Matching Funds — $1,300,000 R

Increases the campus match of federal funds from 90% to 100% 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.

39 Biomanufacturing Research Institute and Technology Enterprise (BRITE) — $2,500,000 R

Provides operating support, curriculum development, and equipment for the BRITE program that will begin in Fall 2006 at NC Central University. Students and faculty will share space in the Mary M. Townes Science Building until the BRITE facility is completed.

40 Biomanufacturing Training and Education Center (BTEC) — $2,000,000 R

Provides operating support, curriculum development, and equipment for the BTEC program at NC State University. BTEC academic courses will begin in the summer of 2006 even though the BTEC facility will not be completed until 2007.

41 Reserve for Utility and Fuel Costs — $7,883,725 NR

Creates a Utilities Reserve to compensate for shortfalls in university utility budgets caused by higher rates in electricity, natural gas, fuel oil, gasoline, and diesel fuel.

42 Legislative Tuition Grant Increase — $3,149,000 R

Increases the Legislative Tuition Grant from $1,800 per student in private colleges to $1,900.

43 State Contractual Scholarship Fund Increase — $3,116,125 R

Increases the State Contractual Scholarship Fund from $1,150 per student in private colleges to $1,250. These funds are used for financially needy students.

44 LTG and SCSF Expansion — $1,500,000 R

Expands the Legislative Tuition Grant and the State Contractual Scholarship Fund to part-time students that are lateral entry teachers or are nurses seeking additional certification.

45 NC LIVE for Private Colleges — $250,000 R

Funds a portion of the costs charged to private colleges for their participation in NC LIVE (North Carolina Libraries for Virtual Education), the state's electronic library that provides access to magazine articles, national and local newspapers, business and professional journals, reference sources and research material.

46 UNC-NCCCS 2+2 Joint E-Learning Initiative — $1,000,000 R

Provides recurring funds to continue the UNC-NCCCS 2+2 E-Learning Initiative that began in 2005-06 with nonrecurring funds. This funding will be used to continue to build online capacity, teacher education courses, and accessibility for students in 2+2 teacher education programs.

47 UNC-Chapel Hill DESTINY Traveling Science Lab — $200,000 R / $350,000 NR

Provides funds for the DESTINY mobile lab program at UNC-Chapel Hill. These funds will support an additional mobile laboratory.

48 Principals' Executive Program Initiative — $250,000 NR

Provides funds to the Principals' Executive Program for an initiative focused on improving the management and leadership skills of principals in high need schools. PEP shall provide a customized professional development program and a coaching/mentor component that provides assistance at the school level.

49 Expand Prospective Teacher Scholarship Loan Program — $1,000,000 R

Provides funds for an additional 400 Prospective Teacher Scholarship Loans (PTSL). Priority for the additional awards shall be given to students seeking teacher licensure in middle and high school mathematics and science as well as students participating in 2+2 teacher education programs.

50 North Carolina in the World Project — $200,000 R

Provides recurring funds to continue the NC in the World Project began in FY 05-06 with non-recurring funds. This project is an initiative of the NC Center for International Understanding and is focused on improving students knowledge and skills about the world.

51 A+ Schools — $100,000 R

Provides funds to the A+ Schools program affiliated with the University of North Carolina at Greensboro to expand the number of public schools participating in the program. The program assists schools in implementing school reform by integrating arts into the curriculum.

DRAFT

FY 06-07

52 Hunt Institute

Provides additional operating support for the James B. Hunt, Jr. Institute for Educational Leadership and Policy in Chapel Hill. These funds will enable the Institute to sponsor a number of new initiatives focused on improving science and math instruction, encouraging out of school time programs for youngsters, and expanding the Institute's reach to vested interests in educational improvement such as mayors and chambers of commerce.

$500,000 NR

Budget Changes	**$120,551,771**	R
	$281,655	NR
Total Position Changes	486.95	
Revised Total Budget	**$2,241,230,507**	

Total Budget Approved 2005 Session	FY 06-07 $767,295,886

Budget Changes

A. Access

53 Enrollment Growth — $7,040,090 R

Fully funds the community college enrollment request. Enrollment increased by 2,250 FTE, from 190,750 to 193,000, an increase of 1.18%.

54 Multi-Campus College Enrollment Growth — $601,171 R

Provides funds to accommodate enrollment growth at 12 multi-campus locations. Total supplemental funding for multi-campus colleges will be $10,916,638, distributed on a formula basis to 16 colleges for 23 sites.

55 Enrollment Growth Reserve — $2,000,000 NR

Provides funds for an Enrollment Growth Reserve to assist colleges that experience high growth in the Fall semester. Funds shall be distributed to colleges that realize an increase greater than 5% over the previous Fall semester.

56 Need Based Financial Aid for Teaching and Nursing — $500,000 NR

57 Community College Financial Aid Staff — $3,557,430 R

Provides one position in the base allotment for administration for additional financial aid staff at each college. Colleges are directed to ensure that they provide at least one financial aid staff person for every xxxx headcount students on their campus.

58 Associate Director of Financial Aid — $73,466 R; $4,150 NR; 1.00

Provides funding in the System Office budget for an Associate Director of Financial Aid to provide guidance, leadership, and training to assist college financial aid offices. The General Assembly encourages the State Board of Community Colleges to develop and implement a comprehensive financial aid professional development program for college financial aid staff.

B. Improving Instruction

59 Equipment — $10,000,000 R

Provides additional recurring funds for the purchase of instructional equipment at all 58 community colleges. Funds will be distributed in accordance with the existing equipment formula.

DRAFT

FY 06-07

60 Director of Joint High School - Community College Programs — $83,950 R; $4,150 NR; 1.00

Provides funds in the System Office budget for the creation of a Statewide director of joint high school - community college programs, including Learn and Earn, Middle College, Huskins, and dual enrollment.

61 State Board Reserve Funds — $500,000 R

Provides additional funding to the State Board Reserve to provide one-time grants to colleges starting new programs.

C. Workforce Development

62 BioNetwork Capstone Center — $310,000 R

Provides additional funds for specialized supplies needed at the BioNetwork Capstone Center.

63 BioNetwork Industry Liaison — $125,000 R; $4,150 NR; 1.00

Provides funds for the creation of a new position in the System Office to assist in the development of NEIT, FIT, and CIT services to meet the needs of the biotechnology industry.

64 Regional Customized Training Directors — $148,470 R; $5,000 NR; 2.00

Provides funding for 2 Training Directors: 1 to serve the Northeast Region, and 1 to serve the Southeast Region.

65 NC REAL Enterprises — $250,000

Provides funding for NC REAL. This program was formerly supported by the Worker Training Trust Fund.

66 COA Boat Building Repair Equipment — $500,000 NR

Provides funds to the College of the Albemarle for equipment for the Boat Building Repair program.

D. Technology

67 Course Management System & Learning Objects Repository — $2,000,000 R

Provides funds for an online teaching and learning platform for distance education.

68 Online Help Desk — $605,000 R; $20,000 NR

Provides funds to establish an online help desk for students enrolled in distance education courses.

69 NC Information Highway Expansion — $120,000 NR

Provides $15,000 each to 8 colleges for the purchase of mobile ("rollabout") videoconferencing equipment.

E. Supplementing Local Support

70 Nash Law Enforcement Vehicle Training Pad — $500,000 NR

Provides funds to Nash Community College for the construction of a training pad for law enforcement vehicles.

71 Wilson Tech Green Building — $1,000,000

Provides funds to Wilson Tech for capital and equipment needs for the Green Building project.

72 Edgecombe Health Education Complex
Provides funds to Edgecombe Community College for the construction of a Health Education Complex. $1,500,000 NR

73 Guilford Technical Community College
Provides funds to GTCC to construct and equip a classroom building on the Northwest Guilford County Campus. $2,000,000 NR

F. Technical Adjustments

74 Hospitalization Insurance $1,398,201 R
Appropriates hospitalization insurance at the FY 06-07 rate.

75 Tuition Receipts Adjustment $10,000,000 R
Provides funds to replace under-realized tuition receipts.

Budget Changes	**$36,442,778**	R
	$8,407,450	NR
Total Position Changes	5.00	
Revised Total Budget	**$812,146,114**	

House Pages

JT. APPR. / SUB on Ed.

Name Of Committee: _____ Date: 5-15-06

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

Sgt-At-Arms

1. Name: Charles Williams House
2. Name: Will Heath House
3. Name: WADE ADDESS
4. Name: CHRIS DAVID SENATE
5. Name: FERRY ISAACS

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Terry Stoops	John Locke Foundation
Dion Terry	Civitas Institute
Evelyn Hawthorne	CISNC
Linda Dunston	NCAE
[illegible]	RANC
Rob Nelson	GWC

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 5-15-06

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ginger Burks	UNC - GA
Suzanne Winn	NCCCS
Hal Miller	NCACCT
Kenn Q Bugg	NCCCS
Alyn Berry	Civitas Institute
JOE P. MANNED	CHARLOTTE/MECKLENBURG SCHOOLS
[illegible]	NCJCDC
Dave Blanchi	Cates Ptr
Michael Houser	NCHE
DAVID RECE	MANNING, FULTON & SKINNER
Shannon Blosser	Pope Corta

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 5-15- 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
BBP	NCAE
Stephen Moore	The Daily Tar Heel
Eric Johnson	Daily Tar Heel
Elizabeth Brewington	OSBM
Pam Haarman	OSBM
Jim Stegall	NC Legislative Services
[illegible] Price	NCDPI
Mary Wilson	SBE
Trey O'Quinn	OSBM
Aaron Chang	Intern
Steve Shaber	Poyner & Spruill

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	Public School Forum
[signature]	NC Ch Speaker
[signature]	DPI
[signature]	DPI
[signature]	NCASFC
[signature]	Gov Office
[signature]	NC Ideas
[signature]	Gov. office

Joint Appropriations Subcommittee on Education
Agenda

Tuesday, May 16, 2006, 9:00 a.m.
Room 421, Legislative Office Building

Senator A. B. Swindell, Presiding

I.	**Welcome and Introductions**	Co-Chairs
II.	**Present Senate Budget**	Adam Levinson *Fiscal Research Division*
III.	**Adjournment**	

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Tuesday, May 16, 2006, 9:00 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 9:00 a.m. Six members of the Senate were present and the following Representatives: Carney, Jeffus; Tolson; Johnson; Preston; Rapp; Bell; Cleveland; Fisher; Hilton; Parmon and Pate. Members of the Education Fiscal Research Division were also in attendance. A Visitor Registration Sheet is attached (Attachment 1) and made a part of these minutes.

The chair called the meeting to order at 9:05 a.m. and welcomed members and guests. At the chair's request, pages and both Sergeant-At-Arms staffs introduced themselves to the Committee.

The Chair asked committee members to share concerns regarding the Senate's version of the budget. Co-Chair Lucas specifically asked members to provide feedback regarding the Senate's decision to do away with discretionary funds. A brief discussion followed.

Rep. Cleveland expressed concern about the proposed senate version of the budget stating that built into the enrollment growth appropriation request, was a significant revenue loss in tuition due to Section 9.27. He provided a handout prepared by staff (Attachment 2) which showed a breakdown by campus for the General Fund appropriation needed to replace lost revenue. After a brief discussion, the Chair thanked Rep. Cleveland and advised that the information would be taken under advisement.

There being no further business to come before the Subcommittee, the chair adjourned the meeting at 10:30 a.m.

Respectfully submitted,

Sen. A. B. Swindell, Co-Chair

ATTEST:

Mo Hudson, Committee Clerk

Attachment 1

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 5/16/06 9:00 a.m.

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Eric Johnson	The Daily Tar Heel
Rebecca Garland	State Board of Education
Lacy Wilson	SBE
Bryan Conrad	OSBM
Mark Fleming	UNC GA
Gene Causby	NCSFSA
Becky McConkey	NCDPI
Clifton Bellamy	WCC
Katherine Joyce	NCASA
Tom Price	NCDPI
[illegible]	Gov. office

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Linda Dunlap	NCAE
Ashley Mallock	Low Wealth Schools Consortium
Kevin Fitzgerald	UNC
[illegible]	[illegible]
Debra Sheppard	Davidson Co. Schools
Robert White	Guilford County Schools
Alyn Berry	Civitas Institute
Carolyn McKinney	NCAE
Dr. Shirley D. Bynum	ACTE
Kay Rogers	NCACTE Forsyth County Schools

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 5-16- 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Bode	Bode Call & Stroupe
Shanna Blosser	Pope Cntr for Higher Ed Policy
Terry Stoops	John Locke Foundation
Ginger Burks	UNC-GA
John McMillan	NCFTS
Molly Ryan	NCSBA
CLIFF MITCHELL	NC COMMUNITY COLLEGE FACULTY ASSOC
Michael Hamer	NCAE
Joanne Stevens	NCNA
Ken Boyd	NCCCS
Joanne Norris	NCSBA

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION 5-16-06

Name of Committee **Date** 9:00am

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	WCPSS
Jeff Mixon	Civitas Institute
[signature]	CMC
[signature]	[illegible]
PATRICK BUFFKIN	ALLEY ASSOC INC
Roz Savitt	NC Child Care Coalition
[signature]	NCACC
[signature]	NCANA
David Anders	PFPNC
[signature]	[signature]

VISITOR REGISTRATION SHEET

JT. APPROPRIATIONS SUBCOM. ON EDUCATION — 5-16-06

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dianne Morris	Public School Forum
Dave Boliver	Assn for Qual Edu & Learning
Tim McDonald	UCICU
Ann McArthur	Governor's Office
Jim Stegall	NC Legislative Services
Ben Tuite	NC House of Representatives
Aaron Chang	Intern
Tom McClure	WESTERN CAR UNIV
Elizabeth Groves	OSBM
Pam Leonard	OSBM
Trey O'Quinn	OSBM

Rep. George Cleveland

From: Richard Bostic (Fiscal Research)
Sent: Wednesday, May 10, 2006 4:40 PM
To: Rep. George Cleveland
Subject: Nonresident Scholarship provision

Rep. Cleveland

Built into the enrollment growth appropriation request for $79.2 million is $5.2 million for the tuition revenue lost due to Section 9.27 of SB 622. The following chart is the breakdown by campus for the General Fund appropriation needed to replace lost revenue.

	# of Students	Non-Resident Tuition	Resident Tuition	Tuition Loss
ASU	25	$11,563	$1,821	$243,550
ECU	60	$12,649	$2,135	$630,840
FSU	2	$11,282	$1,546	$19,472
NCCU	44	$11,622	$1,878	$428,736
NCSA	5	$14,035	$2,755	$56,400
NCSU	80	$15,403	$3,205	$975,840
UNCA	12	$11,697	$1,897	$117,600
UNC-CH	100	$17,003	$3,205	$1,379,800
UNCC	8	$12,541	$2,129	$83,296
UNCG	58	$13,296	$2,028	$653,544
UNCP	1	$11,129	$1,689	$9,440
UNCW	25	$11,863	$1,928	$248,375
WCU	31	$11,087	$1,651	$292,516
WSSU	5	$10,091	$1,451	$43,200
	456			$5,182,609

Notes:
(1) At NCSU, the Parks Scholars will add 5 scholarships in FY 06-07. The 5 additional scholarships have been offered to nonresident students.

(2) At UNC-CH, the Morehead Scholars will add 10 scholarships in FY 06-07. The additional scholarships were offered to 9 nonresident students and 1 resident student.

(3) At UNC-CH, the 100 students converted from nonresident to resident include 39 athletic scholarships and 61 academic scholarships. 24 of the academic scholarships were Moreheads.

I hope I have provided all the information you requested.

Richard Bostic

Estimated Impact to General Fund of GS 116-143.6, 2006-07 only

Institution	Estimated number of FTE students, 2006-07	2005-06 Undergrad In-State Tuition (amount per FTE)	2005-06 Undergrad Out-of-State Tuition (amount per FTE)	Impact to General Fund - appropriations difference in tuition rates	Of Total (column B), # that are Athletic Scholarships	How many of those in Column F are for women's sports?	Which women's sports are the scholarships in 06-07 being used for?	Of Total (column B), # that are Academic Scholarships	Additional # of Academic Scholarships that are available to be offered in 06-07 due to this provision (Morehead, Parks, etc)?
ASU	25	1,821	11,563	243,550	25	10	Basketball, Volleyball, Tennis	0	0
ECU	60	2,135	12,649	630,840	50	20	Tennis, Swimming, Golf, Basketball, Track, Softball, Soccer, Cross Country	10	TBD
ECSU	0	1,399	9,738	0	0			0	
FSU	2	1,546	11,282	19,472	0	0	N/A	2	0
NCA&T	0	1,769	11,211	0	0	0	N/A	0	0
NCCU	44	1,878	11,622	428,736	40	15	Basketball, Volleyball, Softball, Tennis, Track & Field	4	10
NCSA	5	2,755	14,035	56,400	0	0	N/A	5	0
NCSU	80	3,205	15,403	975,840	52	25	Gymnastics, Basketball, Volleyball, Tennis, Swimming, Soccer, Track, Golf	28	19
UNCA	12	1,897	11,697	117,600	12	6	Track, Basketball, Volleyball, Tennis	0	0
UNC-CH	100	3,205	17,003	1,379,800	39	18	Basketball, Gymnastics, Field Hockey, Soccer, Swimming, Tennis, Track, Volleyball, Golf, Lacrosse	61	21 TOTAL: 8=Morehead; 3=Robertson; 5=Pogue; 5=Robinson
UNCC	8	2,129	12,541	83,296	8	4	Basketball	0	
UNCG	58	2,028	13,296	653,544	30	20	Basketball, Volleyball, Tennis, Soccer, Softball, Cross Country, Golf	28	28
UNCP	1	1,689	11,129	9,440	1	0		0	0
UNCW	25	1,928	11,863	248,375	23	10	Target sports in women's basketball, soccer, swimming	2	TBD
WCU	31	1,651	11,087	292,516	31	16	Soccer, Volleyball, Golf, Indoor/Outdoor Track, Cross Country, Basketball	0	0
WSSU	5	1,451	10,091	43,200	0	0	N/A	5	0
TOTAL	456			5,182,609	311	144		145	

NOTES:
Based on preliminary/estimated data, subject to change - pending campuses' continued evaluation.
This estimate is only for 2006-07, impact to the General Fund will increase over time.
NCSA - 5 scholarships are talent scholarships, not academic, but they are shown in academic for the purposes of this spreadsheet.

Joint Appropriations Subcommittee on Education
Agenda

Tuesday, May 16, 2006, 2:00 p.m.
Room 643, Legislative Office Building

Senator A. B. Swindell, Presiding

I. Welcome and Introductions — Co-Chairs

II. Presentations:

David Murdock, CEO, Dole
NC Research Center

Erskine Bowles, President
NC University System

Martin Lancaster, President
NCCCS

Dr. Richard Deans, President
Wake Forest University
Health Systems

Dr. Frank Sells, President
Surry Community College

III. Adjournment

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

Tuesday, May 16, 2006, 2:00 p.m.

The Senate Appropriations Subcommittee on Education/Higher Education met jointly with the House Appropriations Subcommittee on Education in Room 643 of the Legislative Office Building at 2:00 p.m. to hear presentations on higher education projects with a direct economic benefit to North Carolina.

The chair called the meeting to order and introduced David Murdock, CEO of Dole, who presented his plan for creating a biogenetic area in Kannapolis, North Carolina. Mr. Murdock advised that the NC Research Campus would be the largest core lab in one location in the world, with more than 100 worldwide companies participating in its development and research institutes led by Duke University, NC State University, UNC-Chapel Hill, in collaboration with NC A&T University, NC Central University, UNC-Charlotte and UNC-Greensboro (Attachments 1 & 2). He further advised there would also be office and laboratory space, retail and commercial space, a hotel and conference center, a girl's school for junior and senior high school students from across the country who excel in math and science, a new city government center for Kannapolis to include a municipal library that would provide interconnectivity between the major research universities throughout the state. Mr. Murdock urged legislators to consider removing the state tax imposed on companies who relocate to the state, and he asked legislators to financially support the state universities and community colleges with new money, as they prepare to participate in the research campus. In closing, Mr. Murdock thanked the committee for the opportunity to present his project.

The chair next recognized Erskine Bowles, President of the NC University System. President Bowles urged financial support of the proposed North Carolina Research Campus, which was already taking shape in Kannapolis, by supporting initial funding for the project with $5 million in recurring funds and $1 million in non-recurring funds for the University's leadership role in a world-class research center. The President further asked that the Legislature indicate its willingness to provide additional funding for the project over a 5-year period, contingent upon Mr. Murdock and the Research Campus meeting key project milestones. President Bowles further advised the NC congressional delegation strongly supported the NC Research Campus, and Sens. Dole and Burr and Rep. Hayes were working diligently to get a commitment for an appropriation earmarked for the project from the US Department of Agriculture. President Bowles thanked the committee and encouraged financial support of the planned UNC Research Center in Kannapolis.

Dr. Martin Lancaster, President of the North Carolina Community College System also spoke in support of the planned NC Research Center in Kannapolis. President Lancaster remarked that in the first part of the 20 Century, two significant concepts that transformed North Carolina were the establishment of the community college system and the Research Triangle Park. He commended Mr. Murdock for his breathtaking vision of the NC

Research Center that would, again, transform the state in the 21st Century. President Lancaster informed about the critical role the surrounding community colleges would play in providing workforce training for the technicians and support personnel, which will not only transform the region, but will provide jobs to an area that was adversely affected by the closing of area textile plants (Attachment 3). President Lancaster stated that the community college system would be involved with the training for all aspects of the research facility to include IT personnel, Industrial Systems, Allied Health and with child care facilities for students and staff. President Lancaster endorsed the project, stating the Research Campus would be a great opportunity for North Carolina to work collaboratively with its universities, community colleges, and the business and agricultural community. The chair thanked Mr. Murdock for his presentation and President Lancaster and President Bowles for their remarks.

The chair next recognized Dr. Richard Deans, President and CEO of Wake Forest University Health Systems. Dr. Deans informed that in the past decade Winston-Salem and the Triad region had transformed itself after losing 40,000 jobs in the tobacco, textiles and manufacturing areas. An evaluation and consultation was performed and identified an initiative to develop the Piedmont Triad Research Park as the leading regional priority for economic recovery of the region. The initiative identified biotechnology based on the research initiatives and activities within Wake Forest University's Health Sciences Center and Design Engineering as the two business clusters for development in the 240 acre Research Park that would facilitate such an economic recovery. Using a power point presentation, he illustrated with a map the region in the Park designated for development (Attachment 4). Dr. Deans provided figures generated from projected jobs and provided projections on the annual state and county tax incomes. Dr Deans further reported to the committee that the economic impact of the fully developed Park would total approximately $3 billion. Dr. Deans made a $12.6 million request for infrastructure support for roads, utilities infrastructure and earthworks to facilitate the placement of such a construction in the Park. The chair thanked Dr. Deans for his presentation.

Mayor Allen Joines of Winston-Salem was recognized by the chair and spoke in support of the Piedmont Triad Research Park and the appropriation request. City Councilmember Jocelyn Johnson of Winston-Salem also spoke in support of the project and urged members to support the appropriation request.

The Chair next recognized Dr. Frank Sells, President, Surry Community College. Dr Sells introduced Gill Geasey, viticulture instructor at Surry Community College, who assisted with a slide presentation. Dr. Sells gave an overview of the state's wine industry and reported that North Carolina ranked 12th in the nation in wine production and 10th in grape production. Dr. Sells reported that the North Carolina wine industry, while still in its infancy, had the potential to be a $1 billion industry for the state. Using a slide presentation, Dr. Sells reviewed the enology program at the community college (Attachment 5). In his presentation, Dr. Sells requested the Legislature appropriate $ 7.5 million for a 65,000 sq. ft. Viticulture and Enology Center to be located in the Yadkin Valley region of the state. Dr. Sells presented sketches of the proposed center and shared figures on the projected cost estimates and sources of funding for the center. Dr. Sells

thanked legislators for their continued support of the viticulture program at Surry Community College.

The chair thanked Dr. Sells for his presentation and adjourned the meeting at 3:30 p.m.

Respectfully submitted,

A. B. Swindell, IV

ATTEST:

Mo Hudson, Committee Clerk

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc on Education/Higher Education 5/16/06 -- 2 p.m.
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Shannon Blosser	Pope Ctr for Higher Ed
Aaron Chang	Intern
Bryan Conrad	OSBM
Elizabeth Howard	OSBM
Pam Seaman	OSBM
Kristen Cowan	OSBM
Rob Nelson	UNC
Ginger Burks	UNC GA
Steven Leath	NC State
Dan Shuping	Cabarrus County Schools
Beverly M Behm	Cabarrus County Schools

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc on Education/Higher Education 5/16/06 -- 2 p.m.
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John T. Bode	Bode Call & Stroupe
Doug Lassiter	NCSTA
Evelyn Hawthorne	CHBC
Debbie Hamrick	NC Farm Bureau
Paula G. Page	NC Farm Bureau
Bob Alley	Alley Associates
Billy Ray Hall	NC Rural Ctr
[illegible]	NCICU
Gene Causby	NCSFSA
Joanne Stevens	NCNH
Russ Lea	UNC-GA

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc on Education/Higher Education 5/16/06 -- 2 p.m.
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	Poyner + Spruill
Allyn Berry	Cristas [illegible]
[signature]	NCCU
[signature]	NCBIO
Ben Comstock	UNC Charlotte
DAVID DUNN	UNC CHARLOTTE
DAVE SIMPSON	CAROLINAS AGC

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc on Education/Higher Education 5/16/06 -- 2 p.m.
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
	NCAOA
Charlene Carey	N.C. Right to Life
	NCAHA
John Wayne	Cowboy
	NCAMA

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc on Education/Higher Education 5/16/06 -- 2 p.m.
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jeff Davies	UNC
Joni Worthington	UNC
Leslie Winner	UNC
Lynn Bryant	NCCCS
Jami Fitzgerald	NC Family Policy Council
John Bardo	WCU
Tom McClure	"
Clifton Metcalf	WCU
Russ Dubis Jr	SSG NC
Becky McCraw	NCDII
Ben Tufte	Intern for Rep. Hackney

VISITOR REGISTRATION SHEET

Jt. Appropriations Subc on Education/Higher Education 5/16/06 -- 2 p.m.
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	MCJCDC

North Carolina Research Campus

Knowledge. Jobs. Progress.

Higher Education & Biotech: A Pioneering Partnership

North Carolina's university and community college systems are exceptional – the envy of our fellow states and other nations. To remain top-tier, we must remain innovative and pioneering.

The North Carolina Research Campus in Kannapolis will facilitate **partnerships** between businesses and our institutions of higher education to create a live-work environment that makes possible:

- Breakthrough research.
- New funding opportunities through grants.
- New generations of capable scientists and biotech workers.

"It has to fill you with great excitement," said Erskine Bowles, president of the University of North Carolina, "and great hope for the future."

Plans for the North Carolina Research Campus include projects that will create knowledge and improve our lives:

- **UNC-Chapel Hill's Nutrition Research Institute** will focus on the relationship between nutrition and cancer, diabetes, obesity and the brain.
- **N.C. State University's Institute for Advanced Fruit and Vegetable Science** will develop information and technologies that improve the nutritional content of fruits and vegetables and increase agricultural production.
- **Duke University's Institute of Translational Medicine** will use the campus' resources to move discoveries more quickly from the lab into applications. Duke will also manage the core laboratory.
- **UNC-Charlotte** will provide expertise in bioinformatics to process the complex research data generated on campus.
- **The N.C. Community College System** will provide training to develop a strong, capable work force.

"It is an extraordinary opportunity for all of us," said Dr. Victor Dzau, chancellor for health affairs at Duke University and president and CEO of the Duke University Health System.

The relationship between higher education and the biotech industry has always been an important one. Dr. Harold Varmus, a Nobel laureate in medicine and former director of the National Institutes of Health, explained, "The faculty at academic institutions are often the founders and advisers of companies, and they increasingly send their graduates to find jobs in this industry – connections that create **productive webs of scientific exchange**."[1]

To learn more, please visit
www.ncresearchcampus.net

Plans for the North Carolina Research Campus include:

- A 350-acre campus.
- The David H. Murdock Core Laboratory Building, a 311,000-square-foot building that will house the 80,000-square-foot core laboratory.
- A $150 million charitable foundation established by Mr. Murdock that will fund the purchase of equipment for the core laboratory as well as other not-for-profit activities on the campus.
- A $100 million venture capital fund established by Mr. Murdock to attract new companies to the area.
- Research institutes led by Duke University, N.C. State University and UNC-Chapel Hill in collaboration with N.C. A&T University, N.C. Central University, UNC-Charlotte and UNC-Greensboro among others.
- One million square feet of office and laboratory space, 350,000 square feet of new retail and commercial space and approximately 700 new residential units.
- A 1,000-seat conference center and meeting space.
- A new government center for the city of Kannapolis and a municipal library that will provide interconnectivity between the major research universities throughout the state.
- A 120-room hotel and wellness center.
- A girls' school for junior and senior high school students from across the country who excel in math and science.

1 "The DNA of a New Industry," By Dr. Harold Varmus. *The New York Times*, Sept. 24, 2002.

North Carolina Research Campus

Knowledge. Jobs. Progress.

The North Carolina Research Campus will create 21st century jobs.

- According to the Bureau of Labor Statistics, from the period from 1993 through 2003, North Carolina experienced a 66.6 percent loss of jobs in textiles, a 28.5 percent loss of jobs in tobacco, and a 25.5 percent loss of jobs in furniture.
- Over the same period of time, North Carolina had a 26.1 percent increase in jobs in biotechnology, a $63.1 billion-per-year industry.
- In a further comparison, the 2003 average annual wage for a textile employee was $28,757, compared to $78,862 for the average biotechnology employee.
- *Ernst & Young* reports: "The biotechnology industry has not just endured, it has thrived."
- The campus will create jobs not just in its own radius, but also in Eastern North Carolina where bio-ag research will result in new and better ways of doing business.

What will this public-private partnership bring to North Carolina?:

- Breakthrough discoveries that improve our lives.
- New companies and thousands of new jobs in areas hard hit by our changing economy.
- A bona fide biotechnology corridor – including the agricultural centers of eastern North Carolina, Research Triangle Park, the Triad, Asheville and Charlotte – that puts our state on the cutting edge of this $63.1 billion-per-year industry.

Private Investment:

David H. Murdock (owner and CEO of Castle & Cooke, Inc., and Dole Food, Co., Inc.)

- Total private investment of about $1 billion by David H. Murdock, including demolition of Pillowtex complex and 5.8 million square feet of new construction featuring space for offices, labs and housing.
- $150 million charitable 501(c)(3) foundation to operate a core laboratory and other nonprofit activities.
- $100 million venture capital fund to attract business.

University of North Carolina 2006-2007 request:

- "The Board of Governors requests funding for the University's involvement in … a public-private partnership, principally between the State of North Carolina, including several UNC institutions, and Mr. David Murdock and his companies." – From UNC Board of Governors 2006-07 Budget Priorities.
- $5 million in recurring funds and $1 million in nonrecurring funds are requested for 2006-07. State funding for this project will need to be increased incrementally over a period of five years. Additional funding is contingent upon the accomplishments of project milestones.

North Carolina Community College System (NCCCS) request:

- "Active participation by Rowan-Cabarrus Community College (RCCC), in collaboration with Central Piedmont Community College … will be critical to the establishment of a visionary biotechnology workforce training center." – From NCCCS 2006-07 Narrative Budget Request.
- In the first year, NCCCS requests $3.4 million for the Biotechnology Training Center and $1.7 million for supplies and equipment.
- Also being requested is $3.5 million for the Center's operating costs. This is a recurring request that would last for five years.

NORTH CAROLINA RESEARCH CAMPUS

ROWAN-CABARRUS COMMUNITY COLLEGE BIOTECHNOLOGY TRAINING CENTER AND GREENHOUSE

ROWAN CABARRUS COMMUNITY COLLEGE

NORTH CAROLINA RESEARCH CAMPUS
KANNAPOLIS, NORTH CAROLINA

What it is:

- More than 40,000 square feet plus a greenhouse dedicated to preparing North Carolinians for good jobs in biotechnology plus the industries and services that support this fast-growing part of our state's economy.
- Focal point for excellent programs from Rowan-Cabarrus Community College, Central Piedmont Community College, Gaston College, and other community colleges in neighboring counties.

Why it matters:

- Community colleges are about JOBS -- attracting, growing, and keeping good jobs with great futures, and preparing North Carolinas to get those jobs.
- North Carolina has lost hundreds of thousands of good jobs in textiles and other manufacturing sectors in recent years, including almost 4000 just from the Pillowtex closing in the counties near the North Carolina Research Campus. The region's community colleges are the best resources for the education and skills training displaced workers must have to get back on the job, already enrolling thousands in GED programs, skills training and high-tech degree curricula. Now, they are partners in this vital new effort to create new jobs in a thriving industry and make sure our state's people compete for them.

When Sandra Greene lost her job at Pillowtex, she and almost 2000 of her colleagues turned to Rowan-Cabarrus Community College for help. Now she has her GED and is close to a degree, ready to start a new career.

How it helps the whole state:

- New products have to be manufactured and packaged to get to market, and those facilities can be anywhere. The community college facility will train those workers as well as technicians who support the labs, with expertise from the statewide NC BioNetwork initiative.
- Farmers will come from every part of the state to the greenhouse to learn how to grow and handle crops to standards required to supply new industries.

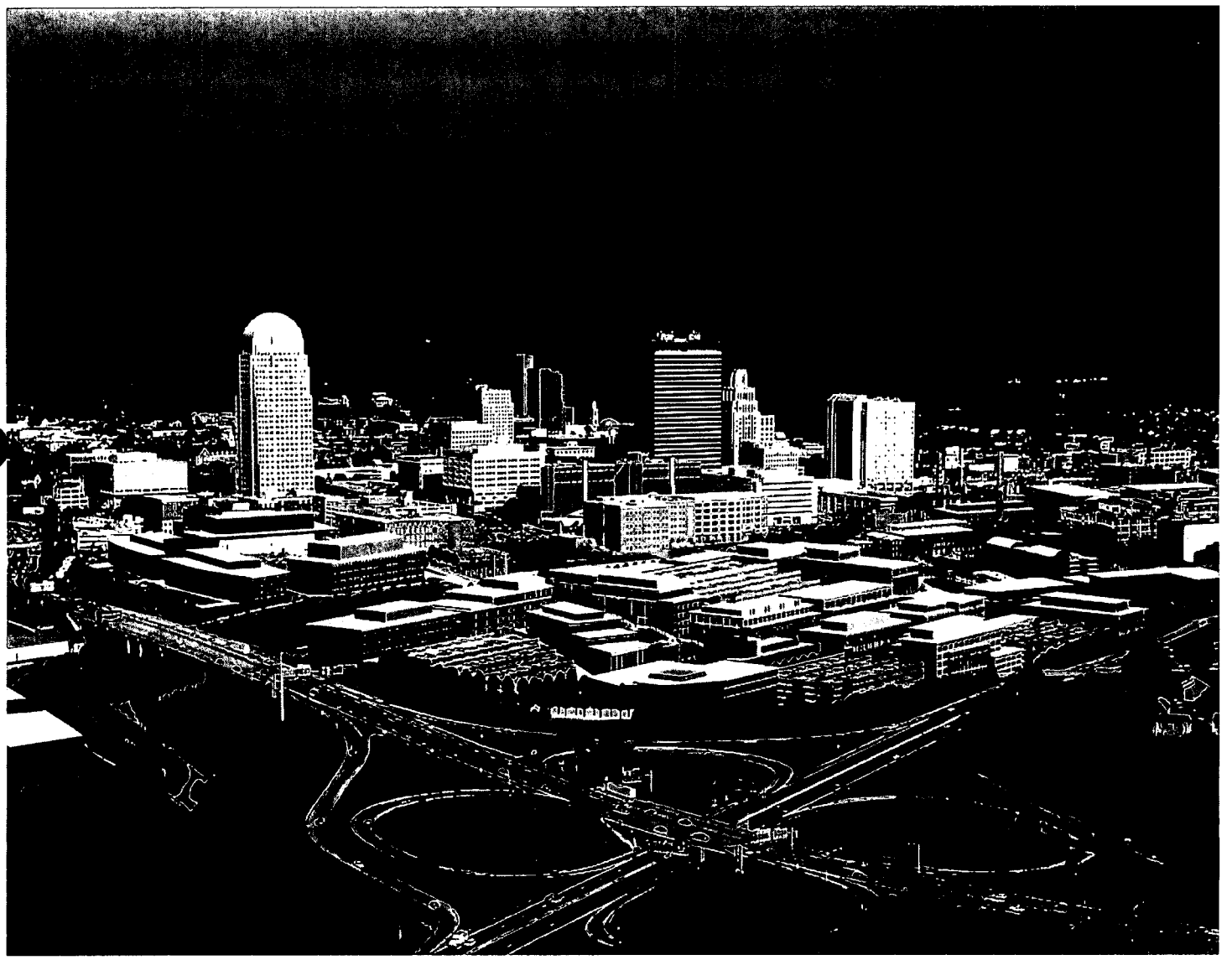
How much it costs:

- The community college portion for 2006-2007 is **$3.445** million, including equipment, faculty and staff, building operations and lease expense, with similar costs in following years.

APPROPRIATIONS REQUEST SYNOPSIS

GENERAL ASSEMBLY OF NORTH CAROLINA

Tuesday, May 16, 2006



Piedmont Triad Research Park

A Vision Yesterday - A Reality Tomorrow

SYNOPSIS OF AN APPROPRIATIONS REQUEST
OF THE GENERAL ASSEMBLY OF NORTH CAROLINA

Tuesday, May 16, 2006

The City of Winston-Salem, Winston-Salem State University (WSSU), North Carolina School of the Arts (NCSA), Wake Forest University Health Sciences (WFUHS) and the Piedmont Triad Research Park (PTRP) ***request the appropriation of $12.6 million*** toward provision of necessary infrastructure development (roads, utilities and related land preparation) in the region of the PTRP Expansion initiative serving the Center for Design Innovation (CDI) by WSSU and NCSA, the appropriation for which was approved in the 2005 Budget of the General Assembly.

This is but one of multiple facilities to be constructed as part of the Phase-I build-out of the PTRP expansion initiative over the next 10-year period which is the single most important economic recovery initiative serving a region of the State that has experienced a dramatic loss of over 40,000 jobs over the past decade.

The appropriated funds will be applied to costs associated with infrastructure and related site preparation for the region of the CDI in which the CDI will be constructed according to the following schedule:

- *$2,700,000* will be applied to cost of constructing ~1,000 linear feet of road and associated landscaping and lighting what will serve the region on which the CDI will be located. This work will be started in 2007 and be completed in 2008.
- *$2,369,250* will be applied to the cost of associated roadside utilities. This work, likewise, will be started in 2007 and be completed in 2008.
- *$1,856,250* will be applied to the relocation of electrical transmission lines required to be moved to facilitate preparation of the landmass for construction of the CDI. These relocations will be started in 2007 and completed in 2008.
- *$1,500,000* will be applied to environmental expenses including disposal of buried debris. The work will be started in 2007 and be completed in 2008.
- *$4,181,370* will be applied to earthworks associated with land preparation for subsequent construction of the CDI. This work will be accomplished during 2007 and 2008.

These items of infrastructure and site preparations required for the construction of the CDI are but a component of the $29,548,313 total infrastructure costs over the next three years to facilitate the necessary infrastructure development associated with Phase I build-out of the PTRP Expansion initiative. In total, the infrastructure costs associated with the Phase-I build-out of the Park will be ~$45,000,000. At completion, the total PTRP Expansion initiative is anticipated to construct over 5.1 million sq. ft. of space, provide up to 30,000 new jobs and generate over $370 million annual fiscal impact to our region and State of North Carolina.

This appropriation will match the $149,856,000 appropriations and invested capital from other public and private sources already contributed or committed to the PTRP expansion initiative to create, at conclusion, over five million sq. ft. of new laboratory and office space within the Park. *The sources of these other public and private funds are:*

- ***Federal Sources totaling $13,400,000*** consisting of:
    - $2,500,000 U.S. Department of Transportation Appropriation.
    - $9,900,000 U.S. Department of Transportation T-21 Re-Authorization.
    - $1,000,000 representing a Federal EDA grant for infrastructure development associated with the recently completed construction of the 186 sq. ft. laboratory building, A1.

- ***N.C. State Sources consisting of $850,000*** matching funds for a Federal EDA grant for PTRP infrastructure development associated with the recently completed construction of a 186,000 sq. ft. laboratory building, A1.

- ***City and County Sources totaling $16,877,000*** and consisting of:
    - $425,000 representing matching funds for a Federal EDA grant for PTRP infrastructure and site development specifically associated with the recently completed 186,000 sq. ft. laboratory building, A1.
    - $15,000,000 anticipated amount representing approximately 85% of anticipated incremental property tax revenues to be received by the City and County over the next 10-year period through the construction of at least five buildings within the PTRP.
    - $1,452,000 representing to date annual support for development and operations of the PTRP.

- ***Private and Corporate Sources totaling $118,729,000*** and consisting of:
    - $4,000,000 representing contributions from local corporations and individuals toward PTRP infrastructure development and operating capital.
    - $12,000,000 as appraised value of land and buildings contributed by Reynolds American for development of the PTRP landmass.
    - $100,200,000 representing capital for construction of four taxable facilities (Tech-1, A1, A1a and AP1 occupied by for-profit biotechnology companies (e.g., Targacept) and researchers from Wake Forest University Health Sciences and Winston-Salem State University.
    - $2,529,000 representing Wake Forest University Health Sciences contributions as PTRP operating revenues.

SYNOPSIS OF RELATED MATERIAL

In the past decade alone, over 40,000 jobs have been lost in the Piedmont Triad in our traditional foundational business sectors of textiles, tobacco and manufacturing. To reverse this trend, business and university leaders in Winston-Salem joined in a strategic planning effort to identify the region's assets and opportunities that could be used to create a framework for recovery and the rebirth of a vibrant economy. The result of this assessment was the recognition that the biotechnology and related business sector was the single business cluster on which a strong business case could be based for exponential economic growth and recovery. This conclusion received independent validation through a federally funded study designed to provide a comprehensive economic development strategy for the nine counties in northwest North Carolina, including Forsyth, where Winston-Salem is located. That study (conducted by Angelou Economics of Austin, Texas) concluded that the PTRP expansion initiative and the development of the associated bio-technology and related business should be the number 1 priority strategy for wealth regeneration and job creation not only for Forsyth County but also for the entire region. In addition, Governor Easley has referred to the PTRP expansion project as "one of the most important examples of public, private and university partnerships in our state."

The same independent study by Angelou Economics concluded that design engineering is a sector uniquely situated for success in conjunction with the PTRP expansion initiative and led to the General Assembly appropriating the $12 million for the planned construction of the Center for Design Innovation by the NCSA and WSSU in the southern district of the expanded PTRP. The current appropriation request will facilitate the construction of this Center by providing the resources to establish the required infrastructure in that region of the Park.

The most internationally successful regenerative medicine/tissue engineering group has been recruited from Boston, Massachusetts, (Harvard University) to be the anchor tenet in the newly constructed laboratory building (186,000 sq. ft.) of the PTRP expansion initiative. This group has previously spun off five companies from their discoveries and has brought two of those companies with them to Winston-Salem. Most importantly, the promise of their discoveries for the improvement of citizens of North Carolina and mankind is almost limitless. Recently, they were recognized throughout the scientific world and international news media for their accomplishment in demonstrating long-term survival of urinary bladder walls they had grown in the laboratory from small tissue specimens. Their success in growing and implanting other organs in laboratory animals holds unique and great promise for cure of such world problems as diabetes, organ shortages and continued rejection problems in the field of transplantation. Since their arrival in Winston-Salem, the Institute of Regenerative Medicine has grown from 24 employees to over 80 scientists and technicians. The University's investment for recruitment of this anchor Institute for the Park (including the agreed construction of new space in the expanded PTRP) exceeded $29,900,000.

Economic Impact of the PTRP Expansion

The PTRP Expansion Initiative immensely impacts many components of the region and the State. At completion of the expansion project as estimated by Economics Research Associates (ERA) of Washington, D.C., the Park will enhance annual State full-time employment by 14,600 direct jobs and 16,800 indirect jobs. Annual property tax dollars may increase by as much as $23 million. Annual sales tax revenues will be enhanced by as much as $29 million. The Park's Central District alone (the site currently being populated by the regenerative medicine anchor tenet) is predicted to contribute 7,500 new full-time jobs, a total of $87 million increase in property-tax revenue and $66 million in sales-tax revenue over a 30-year build-out period. At completion, this initiative is estimated to produce over $200 million in incremental annual personal State Income Tax revenues. Finally, the total fiscal impact of the completed park development on the State of North Carolina will exceed $340 million annually.

Non-Economic Impact of Strategy on Region, State and Country

One of the most important achievements that the PTRP expansion initiative is accomplishing relates to its societal value – both for the community and the nation. Specifically, the expansion initiative is providing the opportunity to remove economic disparities and barriers in a community with historic geographic and socio-economic divisions. The PTRP Community Advisory Community is composed of leaders from the underrepresented minorities to assure partnerships with that segment of our community to:

- Maximize new employment opportunities during the construction phase.
- Expand science-based curricula in the public schools.
- Engage area churches in faith-based initiatives to enhance knowledge of and participation in the opportunities represented in the community's emerging biotechnology economy.

These initiatives parallel Forsyth Technical Community College's national leadership in creating new biotechnology-based curricula to transform knowledge and experience of the recently unemployed and new arrivals to the workforce to take advantage of the new technology based employment opportunities.

Most important to our society as a whole, however, are the benefits to the health and life of mankind. The products now entering the clinical arena from the Institute of Regenerative Medicine/Tissue Engineering are but early examples of their potential to revolutionize our ability to manage multiple diseases from diabetes to organ failure. Products of biotechnology companies formed from their research now are entering the clinical phases of FDA approval. Further, the Institute's current research includes implantation of other laboratory-grown organs in animal models as well as new cellular therapies based on related laboratory research. In contrast to other approaches to organ regeneration, their accomplishments in regenerative medicine do not require controversial

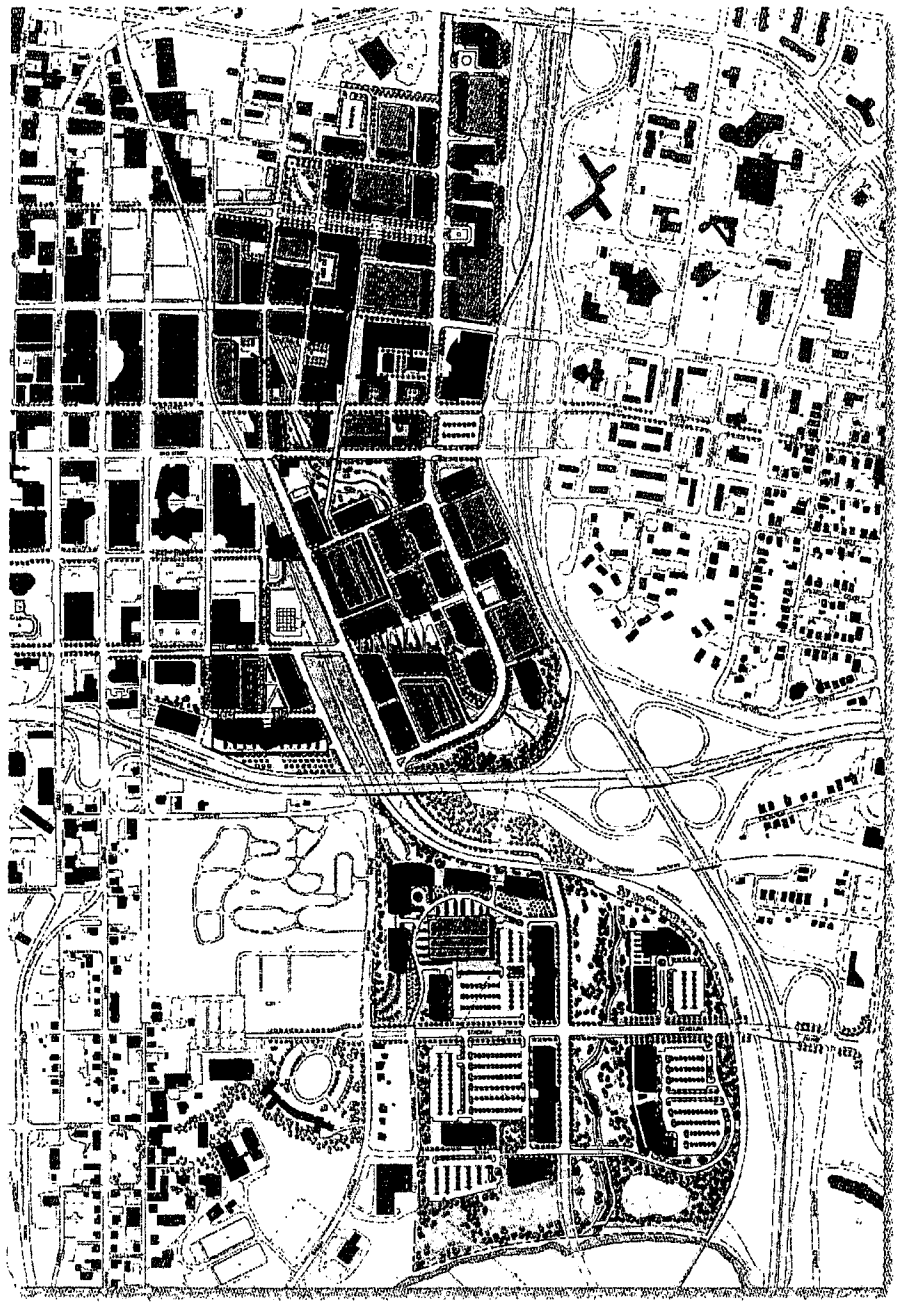
methods such as the use of human embryonic stem cells to develop new organs for replacement.

The Piedmont Triad Research Park Expansion Site (Attachment 1)

The site of the 240 acre PTRP expansion initiative is strategically located between Winston-Salem's downtown business district to the west and the historical center of the African-American community to the west. Currently the landmass represents a significant but vacant and deteriorating monument to the region's past dominance in the tobacco and textile manufacturing economy. Its southern district, within which the Center for Design Innovation will be located, is juxtaposed between WSSU to the east and Salem College and Academy to the west.

Attachment 1

PTRP Expansion Master Plan



WFUHS engaged Sasaki Associates, Inc., located in Boston, in the spring of 2002 to design a master plan for the Park Expansion Initiative. In brief, it provides the blue print for the construction of 5.7 million square feet of laboratory, office, and commercial space along corridors of green space and a wetland, creek-side park.

A Message from the Chairman

Dear Parents / Guardians;

As a member of this culturally diverse and talent-rich community, I am sure you, too, are pleased by the excellent progress being made to "transform our economy from one driven by manufacturing to one led by technology." With the expansion of the Piedmont Triad Research Park (PTRP) currently underway in downtown Winston-Salem, more and more economic opportunities are being created for more and more of our citizens.

While the research park is being built to facilitate the growth of technology-focused industry, a group of area residents have come together to support and further the park's mission of providing business and educational resources for the entire community. Formed 3 years ago, the PTRP Community Advisory Committee is made up of "citizen stakeholders" who recognize the need for active public involvement in this crucial economic development effort. Since its inception, the Committee has been working diligently to ensure that the positive impacts resulting from business activity in and around the research park will be shared by all.

Recognizing that our future lies with our children, the Committee has a developed a unique educational initiative designed to more fully engage K-12 students in science and technology -- the ***SciTech Summer Technology Institute***. This year's two-week program will provide up to 50 rising eighth grade students from our area with a one-of-a-kind opportunity for "hands on" learning in a fun and supportive environment. The no-cost program will expose the participants to science, math and technology in ways that will encourage and excite them about the possibilities that these disciplines hold for their future and the future of our community.

Let me encourage you and your student to complete the application and submit the required materials by the June 1st deadline. With limited space available, participation in the program is competitive. Selection, however, will be based on interest, enthusiasm and potential so that all of our children have a chance to be considered.

Good luck to us all!

Joycelyn Johnson, Chairman
PTRP Community Advisory Committee

Science + Math + Technology + FUN =

SciTech Summer Technology Institute

June 19- June 20, 2006

SciTech Summer Technology Institute

A Community Adventure in Science, Math and Technology

June 19 - June 30, 2006

Sponsored by

PTRP
Community Advisory Committee
PIEDMONT TRIAD RESEARCH PARK

WAKE FOREST UNIVERSITY
HEALTH SCIENCES

WINSTON SALEM STATE UNIVERSITY

SciTech Summer Technology Institute

A community adventure in science and math for rising eighth grade students in Winston-Salem and Forsyth County sponsored by the Piedmont Triad Research Park Community Advisory Committee.

Participants in this **free two-week program** will get age and grade-appropriate classroom exposure to science and math in a fun and hands-on environment. Students will do their "exploring" on the campus of Winston-Salem State University with instruction provided by faculty from Winston-Salem/ Forsyth County Schools, Winston-Salem State University and Wake Forest University School of Medicine. There will also be guest speakers from area technology companies, as well as field trips to local businesses and institutions.

The program runs June 19- June 30, 2006 and all activities will start each day at 9:00 a.m. at Union Chapel Baptist Church and end promptly at 5:30 p.m.

Participation

This summer's program has room for 50 students who have an interest in math, science and technology and/or have a strong desire to learn more.

Therefore, to be considered for the SciTech Summer Technology Institute you must:

1) Be a rising eighth grader enrolled in Winston-Salem/Forsyth County Schools.
2) Complete the information sheet contained in this brochure.
3) Sign at the bottom of the information sheet and have a parent or guardian sign it, as well.
4) Write an essay (350 - 400 words) answering one of the following questions: ***"Why is Science important?", "How do I use Math in everyday life?", or "What technology would you like to invent?"***

Selection process

Students will be chosen to participate in the SciTech Summer Technology Institute based on their expressed interest in science and math with consideration given to input provided by teachers, guidance counselors and references. **Participants will be notified of their selection by June 9th.** Please return the completed application and a non-refundable $10 registration fee and all required materials by **5:00p.m., June 1, 2006 ,** to Teresa Robbins at 200 East First Street, Suite 103, Winston-Salem, NC 27101.

For additional information, call (336) 716-4856 or via email to trobbins@wfubmc.edu.

SciTech Summer Technology Institute

Applicant Information Sheet

Name _____ **Social Security Number** ____ - ____ - ____

Home Address _____

City _____ **State** ____ **Zip Code** _____ **Telephone #** (____) ____ - _____

Gender ( ) Male ( ) Female **Date of Birth** ____ / ____ / ____ **Current Age** _____

Ethnic Group

( ) African American ( ) Asian American ( ) Caucasian American

( ) Latino (Includes Mexican American, Puerto Rican, Central or South American)

( ) Native American ( ) Other (Please specify) _____

School Information

School Name _____ Current Grade _____

Science Teacher _____ Math Teacher _____

Guidance Counselor _____ Principal _____

Responsible Party Information

Parent(s) or Guardian

Name _____

Emergency Contact Information

Name _____ Relationship to student _____

Address _____

Primary Daytime Ph. # (____) ____ - _____ Secondary Ph. # (____) ____ - _____

Personal Information

What are your extracurricular activities? *Include school, religious institution and/or community activities.*

_____

What special science, mathematics, or technology/computer experiences do you have?

_____

Signatures

We affirm that the above information is accurate and completed by the Summer Institute Participant and parent(s). We agree to participate in an orientation session prior to the beginning of the Institute and to be governed by the Institute's staff, rules and regulations.

Student _____ Date _____

Parent / Guardian _____ Date _____

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

NORTH CAROLINA WINE INDUSTRY

- The number of bonded wineries in North Carolina has grown from less than a dozen at the turn of the century to the mid 50's today.
- The state currently has a winery opening on the average of one per month with the expectation of ten more opening in 2006 and 20 more opening in 2007.
- North Carolina wineries produced and sold 600,000 gallons of wine in 2004 valued at $34 million.
- North Carolina ranks 12th in the nation in wine production and 10th in grape production.
- The North Carolina wine industry support an estimated 855 jobs and had an economic impact of $79 million in 2004.
- In 2004, vineyards in North Carolina produced an average of 3.8 tons of grapes per acre, producing a gross income of $3,059 per acre.
- The North Carolina wine industry has the potential to be a $1 billion dollar industry.

(Statistics from Margo Knight, Executive Director of the North Carolina Wine and Grape Council)

NC Viticulture and Enology Center

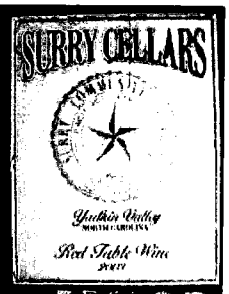
Surry Community College... Grape and Wine Education in North Carolina

....Opportunity

Challenges...

NC Viticulture and Enology Center

SCC Viticulture and Enology



Curriculum

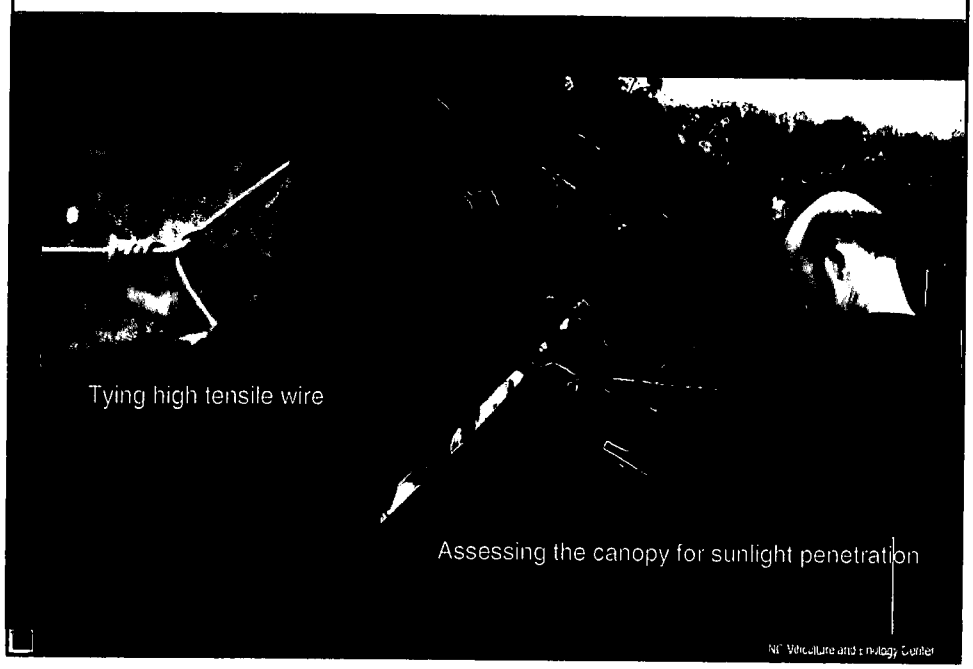
- Degree, diploma, certificate
- Viticulture courses
  - 4 acre vineyard
- Enology courses
  - 2,500 gallon, bonded winery
- Internet classes
- Continuing Education

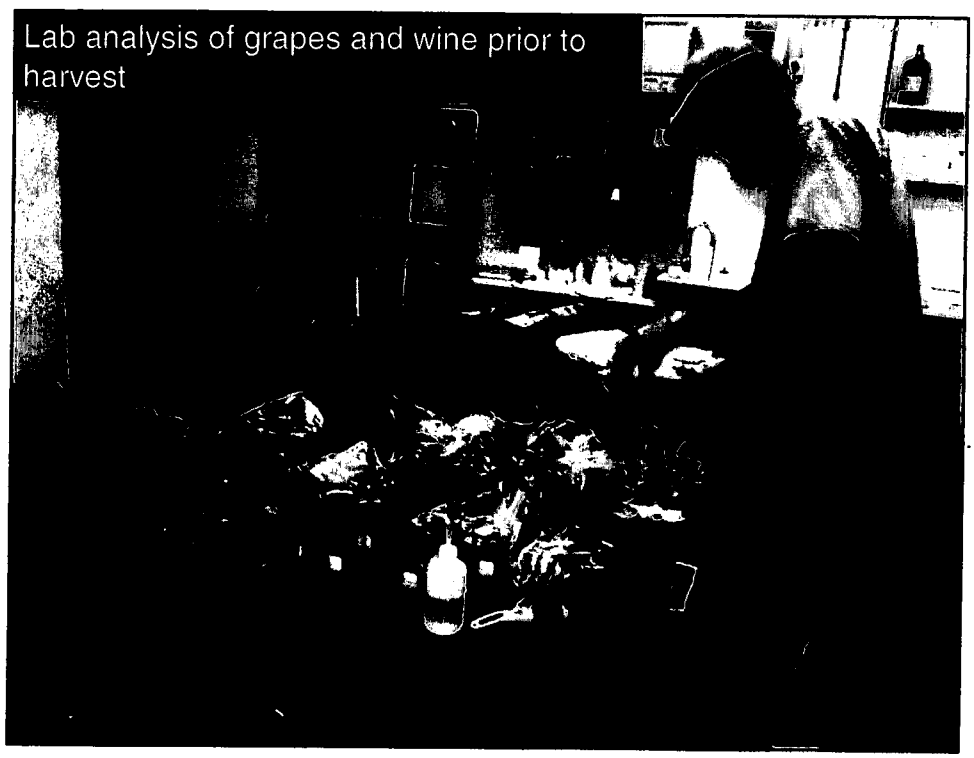
"Bungee cord" plant positioning device…

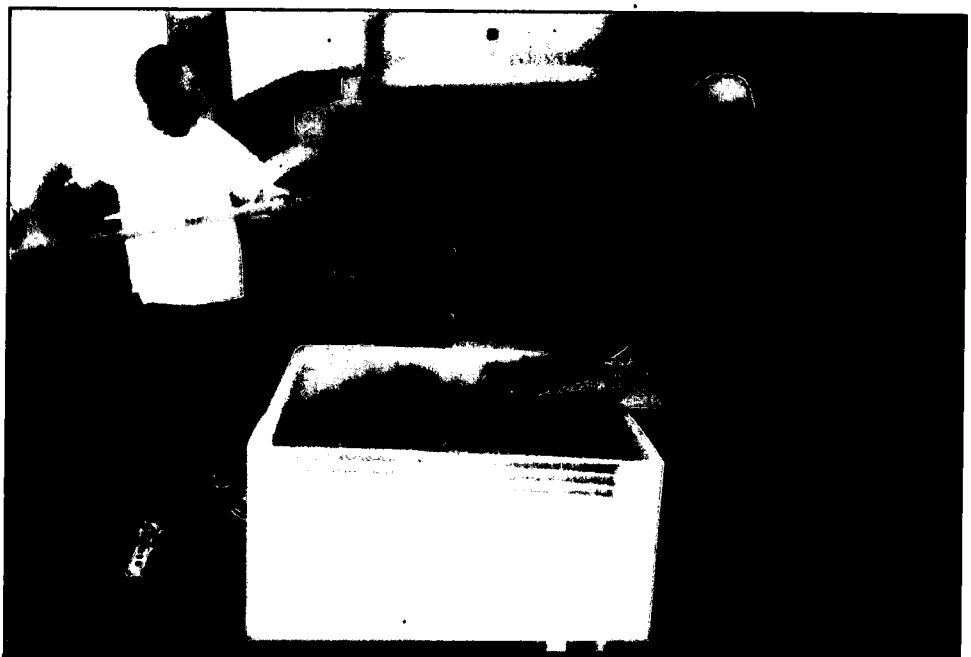
planting Viognier vines at a student's vineyard (2005)

Harvest

Viticulture... a "hands-on" curriculum



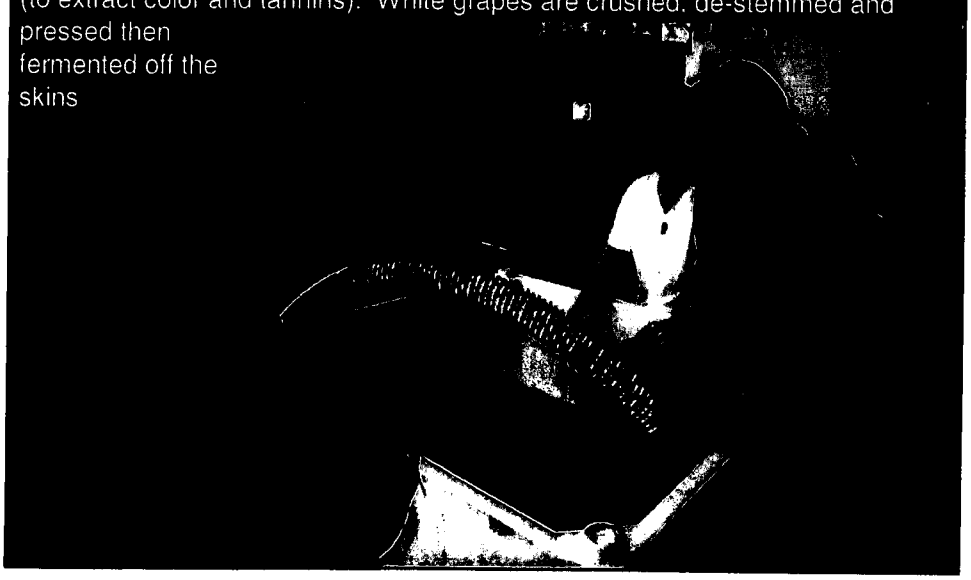




The "other way" of unloading the grapes into the crusher de-stemmer...students learn both ways

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

Pumping the freshly crushed and de-stemmed grapes into a fermentation bin. Red grapes are pressed <u>after</u> they have fermented on the skins (to extract color and tannins). White grapes are crushed, de-stemmed and pressed then fermented off the skins



SCC Viticulture and Enology

Continuing Education

- Speakers, Seminars
- Short Courses
- Events
- Entrepreneurship
- Applied research and "outreach" to the industry

Pest management with
Dr. Andrew Landers of Cornell University

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

COLLABORATION WITH SURRY COMMUNITY COLLEGE

- North Carolina State University
- Appalachian State University
- Collaborative course agreements and 1+1 programs with other community colleges

STATE LEGISLATION

- The 2005 session of the North Carolina General Assembly was especially good for the wine industry, with a series of bills ratified that will make doing business easier for winemakers. Wine-related legislation passed last year:
- Allows winery employees to conduct wine tastings at other retail locations, festivals and events.
- Permits a college with a viticulture/enology program to hold wine tastings and sell the wine it makes.
- Clarified a law allowing wineries to act as their own wholesalers.
- Increases the amount of wine that can be commercially transported without a permit to conform with the amount of wine that can be purchased without a permit.
- Eliminates the application fee for a wine shipper's license for both in-state and out-of-state shippers, putting North Carolina wineries on an equal footing with those in other states.
- Transfers the N.C. Grape Growers Council from the Department of Agriculture to the Department of Commerce.
- Increases the cap on the quarterly distribution of excise taxes to the N.C. Grape Growers Council from $350,000 to $500,000. The Council is funded by excise taxes collected on wine sales.

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

- **"In our state, recognition – or the lack thereof – is the biggest obstacle faced by North Carolina wines. Our challenge is the misconception that East Coast wines are inferior to West Coast wines."**

  - George Denka, President, Shelton Vineyards

- **The North Carolina Center for Viticulture and Enology will be the stimulus needed to move this growing economic sector to center stage in the state's economic revitalization; and will serve the state with the support system needed to assure that North Carolina is "recognized" as a major player in the world market for the wine industry.**

NC Viticulture and Enology Center

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

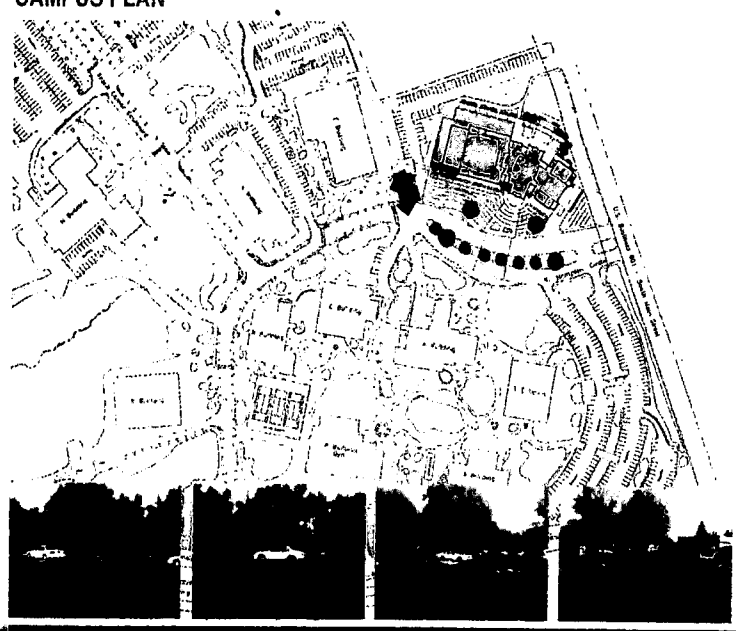
LOCATION

- **Located in what is currently the first and only AVA in North Carolina and in the area of the state that has the highest number of established wineries and attractions for tourists and others who want to learn about North Carolina wines and the wine industry.**
- **Accessible from Interstate 77 and Interstate 74, major pathways for north and south travel on the East Coast.**
- **The natural beauty of the area – the Blue Ridge Mountains, the Blue Ridge Parkway, Pilot Mountain and Hanging Rock State Parks, the Yadkin and New Rivers – makes this one of the nation's most scenic regions and a natural destination for tourists.**
- **The nearby city of Mount Airy, Andy Griffith's home town and the location of "Mayberry," enjoys a nation-wide recognition as a tourist destination.**
- **The Town of Elkin's Wine Festival is considered one of the best in the South, attracting both in- and out-of-state wine enthusiasts.**
- **Vineyards and wineries, economic engines in their own right, are magnets for tourists, which in turn leads to new commercial and retail development such as restaurants, hotels, bed and breakfasts and retail shops.**
- **The wineries in and around the location for the North Carolina Center for Viticulture and Enology have already led directly to the development of the The Village of Shelton Vineyards, a $45 million complex of hotels, restaurants and shops responding directly to the needs of tourists.**

NC Viticulture and Enology Center

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

CAMPUS PLAN



GOALS FOR THE PROJECT

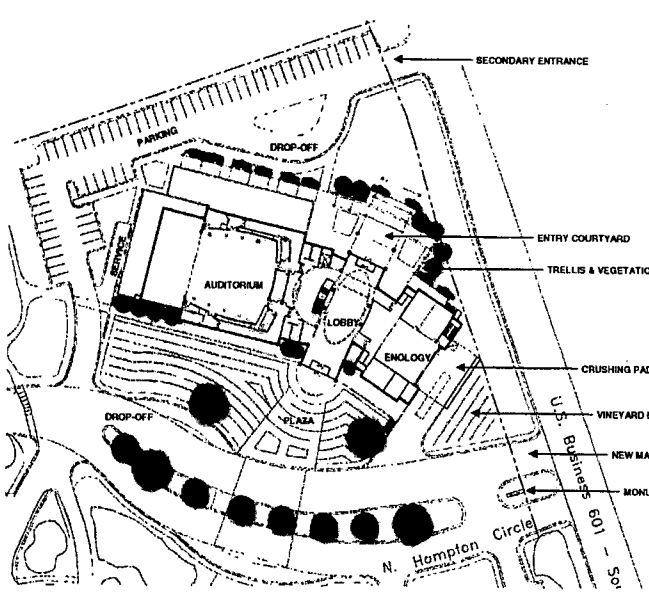
- *New Main Entrance and Boulevard*
- *Building Oriented to Relate to Existing Campus*
- *Open Views of Building, Main Entrances and View of Campus from South Main*
- *Secondary Entrance Drive for Service and Drop-off Area*
- *Courtyard for Outdoor Events*
- *Central Lobby / Exhibit Space linking Theater and Teaching Winery*
- *Additional Parking and Pedestrian Access to Campus*

OUR SITE

NC Viticulture and Enology Center

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

SITE PLAN



NC Viticulture and Enology Center

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

BUILDING SUMMARY

Cellar	3,600 SF
Lobby Level	42,100 SF
Balcony Level	19,300 SF
Total	**65,000 SF**

TEACHING WINERY

Support Spaces	
Lobby / Meeting / Common	6,800
Conference	300
Barrel Storage	3,600
Subtotal	**10,700**
Academic Spaces	
Classrooms	4,800
Staff Offices	600
Library	1,000
Lab	600
Processing Area	3,000
Subtotal	**10,000**

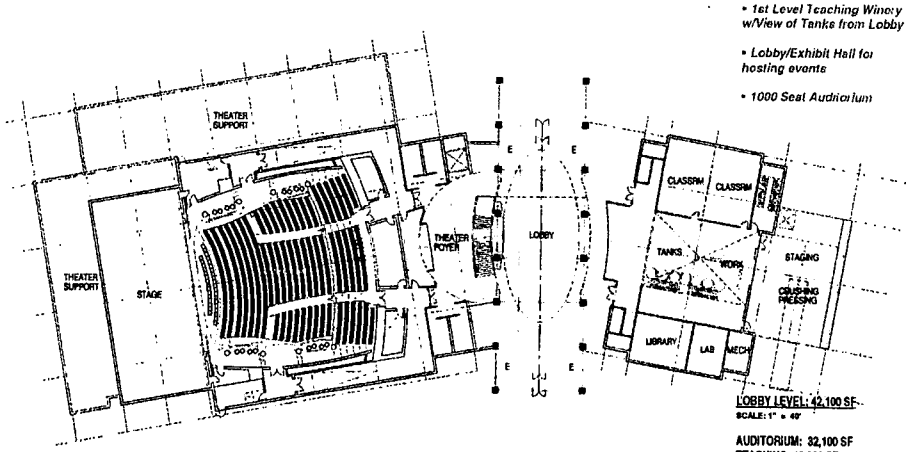
CONVENTION AND EXHIBITION CENTER

Public Spaces	
Lobby / Exhibit	7,200
Seminar	5,000
Support	7,450
Subtotal	**19,650**
Auditorium	
Meeting	10,000
Support	5,930
Subtotal	**15,930**
Convention Support	
Loading	2,690
Support	2,990
Service	3,040
Subtotal	**8,720**

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

FLOOR PLAN: LOBBY LEVEL

- *1st Level Teaching Winery w/View of Tanks from Lobby*
- *Lobby/Exhibit Hall for hosting events*
- *1000 Seat Auditorium*



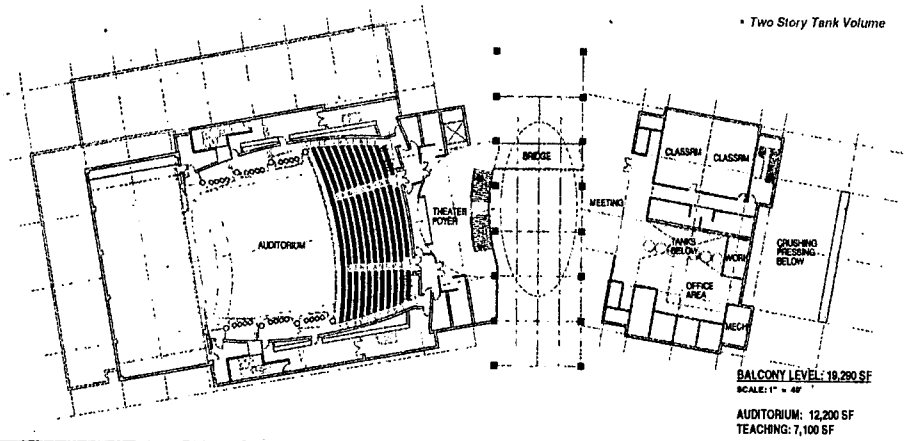
LOBBY LEVEL: 42,100 SF
SCALE: 1" = 40'

AUDITORIUM: 32,100 SF
TEACHING: 10,000 SF

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

FLOOR PLAN: BALCONY LEVEL

- *Classrooms on Second Level*
- *Two Story Tank Volume*



BALCONY LEVEL: 19,290 SF
SCALE: 1" = 40'

AUDITORIUM: 12,200 SF
TEACHING: 7,100 SF

NC Viticulture and Enology Center

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

VIGNETTE: LOBBY VIEW

- *Expressed Structure in Lobby Indicative of Trellis*
- *"Barrel" Vault Ceiling Feature with Translucent Roof Above*
- *Event Room Seating of Approximately 200 People*
- *"Outdoor Room" with Natural Lighting*

NC Viticulture and Enology Center

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

PROPOSAL

The NC Center for Viticulture & Enology

Tentative Cost Estimate of Project

General Contract	$ 13,000,000
Designers Fees	780,000
Contingency	520,000
Other Fees (e.g., soil, special inspection & testing, etc.)	125,000
Initial Equipment	325,000
Owner's Expense (e.g. surveying, IT network, etc.)	250,000
Total	**$ 15,000,000**

Projected Source of Funds

State "Planning" Appropriation FY 05-06	$ 325,000	
2000 Bond Funds	3,000,000	
Private Contributions	4,175,000	
Subtotal		$ 7,500,000
State Appropriation FY 06-07		7,500,000
Total		**$ 15,000,000**

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

- **Although the North Carolina Wine Industry is still in its infancy, it is ready for significant growth and recognition worldwide.**
- **The proposed North Carolina Center for Viticulture and Enology is about contributing to that growth – it's about Economic Development in North Carolina.**

THE NORTH CAROLINA CENTER FOR VITICULTURE AND ENOLOGY

2006

JOINT APPROPRIATIONS – EDUCATION/HIGHER EDUCATION

COMMITTEE MINUTES

Senate Appropriations Subcommittee on Education/Higher Education
Agenda

May 23, 2006
Room 421, Legislative Office Building
Senator Lucas, Presiding

I. Welcome

II. Staff Review of Senate Appropriations Subcommittee on Education Proposed Budget and Senate Bill 1741
Short title: Modify Appropriations Act of 2005

III. Discussion

IV. Adjourn

Minutes

Senate Appropriations
Subcommittee on Education/Higher Education

May 23, 2006

The Senate Appropriations Subcommittee on Education/Higher Education met on Tuesday, May 23, 2006 in Room 421 of the Legislative Office Building at 8:30 A.M. Senator Jeanne Lucas presided. There were five Senators present.

Senator Lucas called the meeting to order. After introduction of the pages, Keanan Caison and Ryan Skrabal, both of Wilmington, Senator Lucas recognized staff and welcomed everyone to the meeting.

Senator Lucas stated that there would be no votes or amendments taken during the meeting, but all items can be discussed and questions can be clarified anytime during the presentations.

The purpose of the meeting today is to discuss the ***Senate Appropriations Subcommittee on Education Proposed Budget***, *and* ***Senate Bill 1741 – Short Titled*: Modify *Appropriations Act of 2005.***

Senator Lucas recognized Adam Levinson, Fiscal Research Analyst to review and explain the Public Education Proposed Budget, beginning on page ***F1*** through page ***F5***. Adam also stated that this is an opportunity for discussion and, if the members would like to submit amendments, they can do so in the Full Appropriations meeting setting. Adam stated that if members have any ideas for more funding for items, they should also be prepared to suggest where this funding would come from.

Senator Lucas recognized Richard Bostic and Jennifer Haygood; Fiscal Research Analysts to explain the UNC System Budget, beginning on page ***F6*** through page ***F9***.

Jennifer Haygood reviewed the Community Colleges Budget beginning on page ***F 11*** through page ***F 13***.

Jennifer and Adam stated that the following are new items: F1 Item # 5, F2 Items # 6 and 7, F3 Items # 15 and 19, and F4 Items # 27 and 28.

Senate Bill 1741 – Short Title: Modify Appropriations Act of 2005.

Senator Stevens asked for an explanation of the language regarding Refund of Sales Tax on Page 4 of the Senate Bill 1741 Budget Bill. Adam stated that the language has been changed so that it will be consistent with the language from last year's bill. Senate Bill 1741 was re-referred to the Committee on Finance.

There being no further business, the meeting was adjourned at 10:00 a.m.

Senator Jeanne H. Lucas
Presiding Chair

Daladier C. Miller
Education Committee Assistant

SENATE APPROPRIATIONS COMMITTEE

REPORT
ON THE
CONTINUATION, EXPANSION
AND
CAPITAL BUDGETS

Senate Bill 1741

Modify Appropriations Act of 2005

North Carolina General Assembly

May 23, 2006

Revised May 25, 2006
as an

Unofficial Report
on the
Continuation, Expansion and Capital Budgets

This report corresponds to Senate Bill 1741, 3rd Edition. Entries reflect floor amendments adopted May 24, 2006.

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Budget Reform Statement
General Fund Availability

		FY 2006-07
1	Unappropriated Balance from FY 2005-06	113,386,988
2	Less: HB 1868 Emergency Appropriation for Department of Correction	(15,000,000)
3	Projected Reversions from FY 2005-06	125,000,000
4	Projected Over Collections from FY 2005-06	1,072,100,000
5	**Year End Unreserved Credit Balance before Earmarkings**	**1,295,486,988**
6		
7	Less: Credit to Savings Reserve Account	(323,871,747)
8	Less: Credit to Repairs and Renovations Reserve Account	(225,000,000)
9	**Revised Year End Unreserved Credit Balance**	**746,615,241**
10		
11	**Revenues Based on Existing Tax Structure**	**16,951,416,000**
12		
13	**Non-tax Revenues**	
14	Investment Income	78,700,000
15	Judicial Fees	168,605,271
16	Disproportionate Share	100,000,000
17	Insurance	51,543,813
18	Other Non-Tax Revenues	455,382,930
19	**Subtotal Non-tax Revenues**	**854,232,014**
20		
21	**Total General Fund Availability**	**18,552,263,255**
22		
23	**Adjustments to Availability: 2006 Session**	
24	Adjustment to Baseline Revenue Forecast	698,864,995
25	Reduce Sales Tax from 4.5% to 4.25% - January 1, 2007	(118,000,000)
26	Reduce Top Personal Income Tax Rate to 8.0% - January 1, 2007	(28,600,000)
27	Reserve for Other Tax Reductions	(55,100,000)
28	Reserve for Highway Fund Hold Harmless	(17,600,000)
29	Reserve for Highway Trust Fund Hold Harmless	(5,700,000)
30	Redirect Portion of Alcohol Excise Tax to Mental Health Trust Fund	(9,390,000)
31	Redirect Court of Justice Fee for Legal Service Programs	(1,000,000)
32	Reduce Transfer from Highway Trust Fund	(195,176,407)
35		
36	**Subtotal Adjustments to Availability: 2006 Session**	**268,298,588**
37		
38	**Revised General Fund Availability for the 2006-07 Fiscal Year**	**18,820,561,843**
39		
40	**Less: Total General Fund Appropriations for the 2006-07 Fiscal Year**	**(18,820,561,843)**
41		
42	**Unappropriated Balance Remaining**	**0**

SUMMARY:

GENERAL FUND APPROPRIATIONS

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Education:						
Community Colleges	767,295,886	28,416,342	14,708,300	43,124,642	2.00	810,420,528
Public Education	6,579,807,097	13,436,920	116,321,507	129,758,427	12.00	6,709,565,524
University System	2,120,397,081	123,892,618	7,356,936	131,249,554	486.95	2,251,646,635
Total Education	**9,467,500,064**	**165,745,880**	**138,386,743**	**304,132,623**	**500.95**	**9,771,632,687**
Health and Human Services:						
Office of the Secretary	118,880,919	(66,646,653)	1,371,533	(65,275,120)	0.00	53,605,799
Aging Division	29,495,139	3,000,000	0	3,000,000	0.00	32,495,139
Blind and Deaf / Hard of Hearing Services	9,681,220	0	75,000	75,000	0.00	9,756,220
Child Development	267,356,799	34,453,222	1,012,291	35,465,513	10.00	302,822,312
Education Services	34,281,895	778,548	50,000	828,548	23.00	35,110,443
Facility Services	15,959,466			0	0.00	15,959,466
Medical Assistance	2,751,209,159	(150,150,000)	300,000	(149,850,000)	0.00	2,601,359,159
MH/DD/SAS	602,556,655	70,844,934	6,745,000	77,589,934	162.00	680,146,589
NC Health Choice	51,882,902			0	0.00	51,882,902
Public Health	150,814,496	16,229,242	2,856,000	19,085,242	201.00	169,899,738
Social Services	190,679,285	12,399,153	400,000	12,799,153	0.00	203,478,438
Vocational Rehabilitation	42,142,193			0	0.00	42,142,193
Total Health and Human Services	**4,264,940,128**	**(79,091,554)**	**12,809,824**	**(66,281,730)**	**396.00**	**4,198,658,398**
Justice and Public Safety:						
Correction	1,048,492,502	17,896,140	15,385,208	33,281,348	148.00	1,081,773,850
Crime Control & Public Safety	35,153,488	1,676,424	1,998,856	3,675,280	10.00	38,828,768
Judicial Department	345,760,410	15,829,445	11,265,980	27,095,425	235.75	372,855,835
Judicial - Indigent Defense	88,648,414	2,857,191	4,625,938	7,483,129	1.00	96,131,543
Justice	78,697,271	1,573,855	3,464,484	5,038,339	18.00	83,735,610
Juvenile Justice & Delinquency Prevention	138,873,166	2,168,853	358,826	2,527,679	61.00	141,400,845
Total Justice and Public Safety	**1,735,625,251**	**42,001,908**	**37,099,292**	**79,101,200**	**473.75**	**1,814,726,451**

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Natural And Economic Resources:						
Agriculture and Consumer Services	51,032,884	2,039,296	1,636,965	3,676,261	31.0	54,709,145
Commerce	36,728,265	867,483	19,355,000	20,222,483	10.00	56,950,748
Commerce - State Aid	11,722,085	500,000	0	500,000	0.00	12,222,085
Environment and Natural Resources	168,451,089	5,438,265	9,457,732	14,895,997	19.00	183,347,086
DENR - Clean Water Mgmt. Trust Fund	100,000,000	0	0	0	0.00	100,000,000
Labor	14,434,925	413,894	200,000	613,894	3.50	15,048,819
NC Biotechnology Center	10,583,395	2,000,000	2,000,000	4,000,000	0.00	14,583,395
Rural Economic Development Center	25,052,607	(500,000)	0	(500,000)	0.00	24,552,607
Total Natural and Economic Resources	**418,005,250**	**10,758,938**	**32,649,697**	**43,408,635**	**63.50**	**461,413,885**
General Government:						
Administration	58,818,473	1,837,045	2,380,191	4,217,236	22.00	63,035,709
Auditor	10,840,918	38,500	0	38,500	0.00	10,879,418
Cultural Resources	62,917,147	1,331,818	3,798,744	5,130,562	29.00	68,047,709
Cultural Resources - Roanoke Island	1,783,374	0	0	0	0.00	1,783,374
General Assembly	46,965,432	0	168,346	168,346	0.00	47,133,778
Governor	5,344,528	100,000	0	100,000	0.00	5,444,528
NC Housing Finance Agency	4,750,945	0	17,750,000	17,750,000	0.00	22,500,945
Insurance	28,110,582	130,057	12,000	142,057	2.00	28,252,639
Insurance - Workers' Compensation Fund	4,500,000	0	0	0	0.00	4,500,000
Lieutenant Governor	753,037	88,433	0	88,433	1.00	841,470
Office of Administrative Hearings	2,969,712	269,578	11,789	281,367	2.00	3,251,079
Revenue	80,673,250	341,904	766,488	1,108,392	-2.00	81,781,642
Secretary of State	9,369,633	526,217	26,850	553,067	5.25	9,922,700
State Board of Elections	5,069,307	784,240	205,276	989,516	33.00	6,058,823
State Budget and Management	6,021,795	240,438	169,500	409,938	3.00	6,431,733
State Budget and Management -- Special	5,111,429	755,232	598,021	1,353,253	0.00	6,464,682
State Controller	10,044,511	0	0	0	0.00	10,044,511
Treasurer - Operations	8,295,843	281,784	0	281,784	0.00	8,577,627
Treasurer - Retirement / Benefits	8,651,457	514,000	0	514,000	0.00	9,165,457
Total General Government	**360,991,373**	**7,239,246**	**25,887,205**	**33,126,451**	**95.25**	**394,117,824**

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Transportation	**0**	**0**	**0**	**0**		**0**
Statewide Reserves and Debt Service:						
Debt Service:						
Interest / Redemption	619,291,140	0	(50,000,000)	(50,000,000)		569,291,140
Federal Reimbursement	1,616,380	0	0	0		1,616,380
Subtotal Debt Service	**620,907,520**	**0**	**(50,000,000)**	**(50,000,000)**	**0.00**	**570,907,520**
Statewide Reserves:						
Compensation Increases	235,185,705	639,580,867	52,607,506	692,188,373		927,374,078
Reserve for Contingent Appropriations	85,000,000			0		85,000,000
Salary Adjustment Fund: 2005-07 Biennium	4,500,000	0	0	0		4,500,000
Salary Adjustment Fund: 2004-05 Fiscal Year	4,500,000			0		4,500,000
Teachers' & State Employees Retirement Cont	13,810,800	27,107,200	0	27,107,200		40,918,000
Retirement System Payback	0	0	30,000,000	30,000,000		30,000,000
Death Benefit Trust	12,899,200			0		12,899,200
Disability Income Plan	6,586,500	0	0	0		6,586,500
State Health Plan	142,728,000		0	0		142,728,000
Contingency and Emergency	5,000,000	0	0	0		5,000,000
Information Technology Rate Adjustments	(2,300,000)		0	0		(2,300,000)
Information Technology Fund	8,025,000	7,559,349	34,527,880	42,087,229	52.75	50,112,229
Job Development Incentive Grants Reserve	12,400,000	0		0		12,400,000
Reserve for Heating and Cooling Assistance		0	10,000,000	10,000,000		10,000,000
Reserve for Legal Expenses		0	1,065,710	1,065,710		1,065,710
Trust Fund for MH, DD, SAS and Bridge Funding Needs		0	5,000,000	5,000,000		5,000,000
Establish State Emergency Response Account		0	20,000,000	20,000,000		20,000,000
Subtotal Statewide Reserves	**528,335,205**	**674,247,416**	**153,201,096**	**827,448,512**	**52.75**	**1,355,783,717**
Total Reserves and Debt Service	**1,149,242,725**	**674,247,416**	**103,201,096**	**777,448,512**	**52.75**	**1,926,691,237**
Total General Fund for Operations	**17,396,304,791**	**820,901,834**	**350,033,857**	**1,170,935,691**	**1,582.20**	**18,567,240,482**

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Other General Fund Expenditures:						
Capital Improvements	0	0	253,321,361	253,321,361		253,321,361
Repairs and Renovations	0			0		0
Total Other General Fund Expenditures	**0**	**0**	**253,321,361**	**253,321,361**	**0.00**	**253,321,361**
Total General Fund Budget	**17,396,304,791**	**820,901,834**	**603,355,218**	**1,424,257,052**	**1,582.20**	**18,820,561,843**

EDUCATION
Section F

Public Education

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	$6,579,807,097

Budget Changes

A. Adjustments & Transfers

1 **Average Daily Membership (ADM)** $76,299,816 R

Revises projected increase in ADM for FY 2006-07 to reflect 18,363 more students than originally projected. Dollar amount of adjustment includes increases in all position, dollar, and categorical allotments.

Total funded ADM for FY 2006-07 is 1,435,475, an increase of 38,103 over FY 2005-06.

Due to a projected increase in ninth grade ADM, receipts from the Highway Fund budgeted for Driver's Education will increase by $457,971.

2 **Budgeted Average Salary** ($56,180,428) R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2005. Adjustment does not reduce any salary paid to certified personnel.

3 **Budget Receipts from NC Education Lottery for Class Size Reduction** ($127,864,291) R

Budgets receipts from NC Education Lottery Fund to support class size reduction in accordance with statute.

4 **Transfer More at Four Program and Office of School Readiness**

Effective July 1, 2006, transfers the More at Four Program and Office of School Readiness to the Department of Public Instruction (DPI). These transfers shall have all the elements of a Type I transfer, as defined by G.S. 143A-6.

5 **Budget Receipts from NC Education Lottery for More at Four**

Budgets $66,646,653 in receipts from NC Education Lottery Fund to support the More at Four program in accordance with statute. In addition, budgets an additional $17,989,056 from lottery proceeds to support the following program expansion: creation of 3,200 additional program slots, increased funding of $200 per slot for all 18,653 slots, and establishment of five new receipt-supported staff positions (More at Four: Educational Development & Planning Consultant II, Educational Consultant II, and Education Processing Assistant; DPI: Accounts Payable Clerk I, and Accountant I) who will perform monitoring, technical assistance, and financial management functions.

	FY 06-07	
6 Adjust Projection of Receipts from Civil Penalties & Forfeitures Provides funds to address adjusted projection of collections in the Civil Penalties & Forfeitures Fund. Revised amount of receipts budgeted from the Fund to support public schools operations in 2006-07 is $95,500,000.	$30,000,000	R
7 Budget Receipts from Teaching Fellows Trust Fund Budgets receipts from Teaching Fellows Trust Fund to support administration of Teaching Fellows Program. Reduces General Fund appropriation to Public School Forum accordingly.	($340,657)	R
B. Expansion: State Public School Fund		
8 Restore Base Budget Funding Restores full base budget funding by eliminating the recurring LEA Discretionary Reduction.	$44,291,248	R
9 ABC Bonuses Funds ABC bonuses for schools that met or exceeded expected growth in the 2005-06 school year.	$90,000,000	NR
10 Disadvantaged Student Supplemental Funding (DSSF) Provides additional supplemental funding to be distributed to all LEAs to support their efforts to serve students who are the most at risk of academic failure. Beginning in 2006-07, all DSSF funds will be distributed based on a formula that takes into account each LEA's relative need. The sixteen LEAs receiving DSSF funds in 2005-2006 will receive no less than the DSSF amount allotted in 2005-2006.	$26,697,440	R
11 Evaluate Effectiveness of DSSF and Low Wealth Provides additional funds to support comprehensive evaluation of: (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.	$500,000	NR
12 Director of High School Turnaround Provides funds to establish a permanent position to coordinate technical assistance to school districts with high schools identified as critically low performing (performance composite below 60%).	$122,350 1.00	R
13 Learn and Earn Initiative Expands the Learn and Earn initiative into an additional 19 high schools (bringing the total to 34). Provides planning grants to 20 additional high schools.	$8,232,388 $1,533,360	R NR

	FY 06-07	
14 Small Specialty High Schools Expands the small specialty high school initiative by creating 21 new small specialty schools-within-schools at 11 new sites (bringing the respective totals to 32 schools at 19 sites). Provides planning grants at 10 small schools that intend to design instruction around the following curricula: science, technology, engineering, and/or math (STEM). Provides $261,680 to support four months of principal salary for each planning site prior to becoming operational in the 2007-08 school year. Any implementation grants for STEM schools shall come from non-State sources.	$3,805,970 $661,680	R NR
15 Literacy Coaches Provides funds to support 100 school-based literacy coaches to be placed in 100 schools that contain an eighth grade. Coaches will provide research-based teaching practices and job-embedded professional development to assist teachers in the development of specialized curricula.	$4,767,400	R
16 State Board of Education Operating Support Provides additional funds to support operations of the expanded State Board of Education.	$50,000	NR
17 Virtual High School Provides funds to support implementation of the NC Virtual Public Schools initiative. Funds provide for seven administrative and support positions, 22 three-month positions, and both one-time and ongoing operating support.	$2,588,722 $189,132 7.00	R NR
18 School Connectivity Provides a reserve of funds to be used to upgrade public school connectivity as part of efforts to establish a comprehensive K-20 educational network. The State Board of Education, in collaboration with ITS, will determine through a competitive application process which LEAs will receive funding. Eligible uses of the funds include "last mile" connectivity and network infrastructure and security.	$3,000,000	NR
19 Senior Project Initiative Provides funding to support the implementation of senior projects as part of the high school exit standards. These funds shall be used for training LEA staff and teachers to implement this graduation requirement which was approved by the State Board of Education in 2004.	$500,000	NR
20 Reserve for Fuel Costs Provides funds to be used as needed in FY 2006-07 to support projected increased diesel fuel expenditures.	$16,361,485	NR
21 Salary Supplement Pilot for Math and Science Teachers Provides funds for a salary supplement pilot to be developed by the State Board of Education. Three pilot LEAs will receive funds to provide a salary supplement of $15,000 for up to 10 newly hired math and/or science teachers at the middle and/or high school level.	$515,115	R

C. Expansion: Department of Public Instruction

22 **Legacy System Migration and Upgrade** — $2,000,000 NR
Provides a reserve of funds to be used to bring DPI's information technology applications into compliance with statewide architecture requirements. DPI must obtain approval from the State Chief Information Officer prior to the expenditure of funds for this project. Funds may be carried forward into FY 2007-08. Any unused funds will revert to the General Fund on June 30, 2008.

23 **Network Tool Replacement** — $375,850 NR
Provides funds to support the cost of migrating from a network tool not supported by ITS to a tool that is supported.

24 **Information Technology Security Analyst** — $40,000 R
Provides funds to support a half-time IT security analyst position. The analyst will assist in the development of a security program and the execution of the DPI security charter to ensure compliance with federal regulations and state law. 0.50

25 **Business Continuity Planning Analyst** — $42,500 R
Provides funds to support a half-time business continuity planning analyst position. The analyst will develop and perform business continuity planning and management to ensure that DPI is in compliance with state law. 0.50

26 **Purchasing Agent** — $58,220 R
Provides funds to support a Purchasing Agent II position. The agent will ensure accurate and efficient processing of all non-IT related service contracts requiring bids. 1.00

27 **NC Wise Owl** — $200,000 R
Provides funding to support increased cost of Statewide subscriptions to online library resources that are made available to all teachers and students.

28 **Office of Charter Schools** — $161,127 R
Provides funds to support one administrative assistant, one new education planning and development consultant, and general operations of the Office of Charter Schools. 2.00

29 **Business Technology Applications Analyst**
Provides $72,647 from federal receipts to support a business technology applications analyst. The analyst will serve exclusively on the Exceptional Children's project team.

D. Expansion: Pass-Through Funds

30 **Communities in Schools** — $750,000 NR
Provides additional funds to State-level non-profit program that supports local CIS programs' efforts to connect at-risk students and their families with resources that will help the students succeed in school.

	FY 06-07	
31 NC Network Provides additional funds to non-profit program that provides training to school-based management teams.	$100,000	NR
32 NC Humanities Council Teacher Institute Program Provides funds to non-profit program focused on promoting teaching and learning that develops teachers' capacity to understand, empathize with, and relate to various cultures.	$100,000	NR
33 Teach for America Provides additional funds to non-profit program that recruits recent college graduates in non-education majors to teach in hard-to-staff schools.	$200,000	NR
	$13,436,920	R
Budget Changes	**$116,321,507**	NR
Total Position Changes	12.00	
Revised Total Budget	**$6,709,565,524**	

UNC System

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	$2,120,397,081

Budget Changes

A. Base Budget Adjustments

34 Building Reserves Adjustment — ($9,595,070) NR
-91.80

Adjusts the building reserves for operating costs of new buildings due to a change in their completion dates. However, this change in reserves grants additional one-time funds to campuses for supplies, equipment, and moving costs for buildings that opened in FY 05-06, but were inadvertently cut in the 2005 Session.

35 NC A&T Inflationary Increases — $163,277 R

Restores inflationary increases for library book acquisition ($145,491) and utilities ($17,786) that were left out of the base budget submitted by the Governor in the 2005 Session.

36 NC School of Science and Math Textbook Increase — $52,250 R

Increases the budget for textbooks for the North Carolina School of Science and Math. The school failed to request an increase in the 2005 Session that was sufficient to fund the increase in textbook prices.

B. Expansion

37 Enrollment Growth for UNC Campuses — $78,993,129 R
575.00

Funds enrollment growth for undergraduate and graduate students in regular term and distance education programs. Enrollment is anticipated to grow by 7,110 full time equivalent (FTE) students in FY 06-07.

38 Enrollment Growth for NC School of Science and Math — $240,000 R
3.75

Increases the enrollment at the North Carolina School of Science and Math by 12 students.

39 Need-Based Financial Aid — $21,587,990 R

Increases need-based financial aid for an increase of 1,730 eligible students entering UNC institutions in the Fall of 2006. The increase will also help the 34,930 students now receiving financial aid with price increases in tuition, fees, room, board, books, and supplies.

40 Judicial College — $750,000 R

Increases the operating funds for judicial training at the School of Government at UNC-Chapel Hill. The Judicial College was approved in the 2005 Session with an initial appropriation of $250,000.

41 **ECSU Pharmacy Space** — $43,000 NR

Pays the lease costs for six modular units that temporarily house the ECSU Pharmacy Program until a permanent facility is constructed.

42 **Graduate Nurse Scholarship Program for Faculty Production** — $1,200,000 R

Creates a graduate nurse scholarship loan program to provide $15,000 per year for up to two years for master's candidates in nursing education and up to three years for doctoral candidates. Each recipient is required to teach in a public nursing education program in North Carolina for each year they receive a scholarship loan or they must repay the loan.

43 **New Bachelor of Science in Nursing Programs** — $850,000 NR

Provides startup funds for new Bachelor of Science in Nursing programs at Fayetteville State University and UNC-Pembroke and a new RN to BSN program at Appalachian State University. FSU and UNCP will each receive $300,000 and ASU will receive $250,000.

44 **Area Health Education Centers (AHEC) Expansion** — $1,300,000 NR

Funds North Carolina Area Health Education Centers (AHEC) initiative to address health workforce shortages in Allied Health, Dentistry, Nursing, and Pharmacy. In Allied Health, adds new clinical teaching sites throughout the state with an emphasis on physical therapy, speech language pathology, and occupational therapy. Provides clinical training for PharmD students at ECSU. Supports rural training sites for dental students. Expands AHEC nursing grants program.

45 **AHEC Program for Psychiatrist Recruitment** — $1,000,000 R

Funds the North Carolina Area Health Education Centers (AHEC) Program to recruit psychiatrists to rural and underserved areas to provide community services. The program may include student loan repayment. A description of this item is also located in the Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services section of this report.

46 **Translational Medicine Program - UNC-CH School of Medicine** — $2,500,000 R

Expands the Translational Medicine Program at the UNC-Chapel Hill School of Medicine that was begun in FY 05-06 with $1 million. The program is designed to identify and train junior faculty members in translational research to speed the development of new drugs, therapeutic strategies, devices and/or diagnostics, and to train physicians to collaborate with research faculty to apply medical discoveries to patient care and patient observations in research programs to improve health care.

47 **Perinatal Care Network** — $75,000 NR

Provides funds for the UNC Center for Maternal and Infant Care, to develop an ongoing statewide network of providers and professionals to focus on clinical and health systems in perinatal care, to create a database, and implement quality improvement initiatives with the goal of reducing infant mortality and morbidity.

	FY 06-07	
48 Kannapolis Research Campus Funds the first year cost of the University of North Carolina's involvement in the North Carolina Research Campus, located at the site of the old Cannon Mills headquarters in Kannapolis. The campus will be the centerpiece of a public-private partnership between the state of North Carolina and Mr. David Murdock and his companies, Dole Foods and Castle & Cooke.	$5,000,000 $1,000,000 25.00	R NR
49 NC A & T State University Matching Funds Increases the campus match of federal funds from 90% to 100% 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.	$614,847	R
50 Biomanufacturing Research Institute and Technology Enterprise (BRITE) Provides operating support, curriculum development, and equipment for the BRITE program that will begin in Fall 2006 at NC Central University. Students and faculty will share space in the Mary M. Townes Science Building until the BRITE facility is completed.	$2,500,000	R
51 Biomanufacturing Training and Education Center (BTEC) Provides operating support, curriculum development, and equipment for the BTEC program at NC State University. BTEC academic courses will begin in the summer of 2006 even though the BTEC facility will not be completed until 2007.	$2,000,000	R
52 Statewide Program for Infection Control and Epidemiology (SPICE) Provides operating support to the Statewide Program for Infection Control and Epidemiology (SPICE) at the UNC-Chapel Hill School of Medicine.	$500,000	NR
53 Institute of Medicine Increases the Institute of Medicine's capacity to provide relevant health data and policy recommendations to the General Assembly and other state policy makers. Funding will enable the Institute to undertake two additional studies per year and to provide a rapid response for data analysis for state decision makers.	$500,000	NR
54 Family House at UNC Hospitals Assists the effort to construct the Family House at UNC Hospitals. This two-story, 40 bedroom facility on Old Mason Farm Road in Chapel Hill will provide affordable housing to critically ill patients, their family members and caregivers when visiting UNC Hospitals for evaluation or treatment. Family House has raised $4.3 million of the $6.3 million construction cost and hope to open by mid 2007.	$1,000,000	NR

55 **TEACCH**
Appropriates funds to the TEACCH Program in the Department of Psychiatry at UNC-CH as follows: (1) $283,349 to increase the psychoeducational therapists' salaries and for additional fringe benefits; (2) $145,000 for TEACCH clinic rents and operations; and (3) $20,000 for the TEACCH DX and Medical Consultant Clinic. — $448,349 NR

56 **Reserve for Utility and Fuel Costs**
Creates a Utilities Reserve to compensate for shortfalls in university utility budgets caused by higher rates in electricity, natural gas, fuel oil, gasoline, and diesel fuel. — $8,252,127 NR

57 **State Contractual Scholarship Fund Increase**
Increases the State Contractual Scholarship Fund from $1,150 per student in private colleges to $1,250. These funds are used for financially needy students. — $3,116,125 R

58 **LTG and SCSF Expansion**
Expands the Legislative Tuition Grant and the State Contractual Scholarship Fund to part-time students that are lateral entry teachers or are nurses seeking additional certification. — $1,500,000 R

59 **UNC-NCCCS 2+2 Joint E-Learning Initiative**
Provides funds to continue the UNC-NCCCS 2+ 2 E-Learning Initiative which began in 2005-06. This funding will be used to continue to build online capacity, teacher education courses, and accessibility for students in 2+ 2 teacher education programs. — $1,000,000 NR

60 **UNC-Chapel Hill DESTINY Traveling Science Lab**
Provides funds for the DESTINY Traveling Science Lab program to support personnel and other costs associated with the program that will no longer be supported by grant funds. — $388,530 NR

61 **Expand Prospective Teacher Scholarship Loan Program**
Provides funds for an additional 400 Prospective Teacher Scholarship Loans (PTSL). Priority for the additional awards shall be given to students seeking teacher licensure in middle and high school mathematics and science as well as students participating in a 2+ 2 teacher education program between the constituent institutions in the University of North Carolina and the NC Community College System. — $1,000,000 R

62 **North Carolina in the World Project**
Provides funds to continue the NC in the World Project which began in FY 05-06. This project is an initiative of the NC Center for International Understanding and is focused on improving students knowledge and skills about the world. — $200,000 NR

63 **Math and Science Education Network Pre-College Program Expansion**
Provides additional funds for the NC Math and Science Education Network to expand the number of Pre-College Programs. These programs help prepare under-represented students to pursue college studies in math and science. — $670,000 NR

	FY 06-07	
64 Hunt Institute Provides additional operating support for the James B. Hunt, Jr. Institute for Educational Leadership and Policy in Chapel Hill. These funds will enable the Institute to sponsor a number of new initiatives focused on improving science and math instruction, encouraging extracurricular programs for students, and expanding the Institute's reach to vested interests in educational improvement such as mayors and chambers of commerce.	$500,000	NR
65 NC Teacher Academy Training of Literacy Coaches Provides funds to the NC Teacher Academy to train literacy coaches who will each be assigned to schools with an eighth grade to provide professional development in literacy skills. Funds shall be used to design, develop, and implement both face-to-face and online training for these coaches	$1,675,000 $225,000	R NR
Budget Changes	**$123,892,618** **$7,356,936**	R NR
Total Position Changes	511.95	
Revised Total Budget	**$2,251,646,635**	

Community Colleges

GENERAL FUND

Total Budget Approved 2005 Session	FY 06-07 $767,295,886	
Budget Changes		
A. Access		
66 Enrollment Growth Fully funds the community college enrollment request. Enrollment increased by 2,250 FTE, from 190,750 to 193,000, an increase of 1.18%.	$7,040,090	R
67 Multi-Campus College Enrollment Growth Provides funds to accommodate enrollment growth at 12 multi-campus locations. Total supplemental funding for multi-campus colleges will be $10,916,638, distributed on a formula basis to 16 colleges for 23 sites.	$601,171	R
68 Enrollment Growth Reserve Provides funds for an Enrollment Growth Reserve to assist colleges that experience high growth in the Fall semester. Funds shall be distributed to colleges that realize an increase greater than 5% over the previous Fall semester.	$2,000,000	NR
69 Need Based Financial Aid for Teaching and Nursing Provides funds for financially needy students enrolling in teacher prep or nursing programs. This program will be funded through the Lottery Scholarship program beginning in FY 07-08.	$500,000	NR
70 Community College Financial Aid Staff Provides one position in the base allotment for administration for additional financial aid staff at each college.	$3,557,430	R
71 Associate Director of Financial Aid Provides funding in the System Office budget for an Associate Director of Financial Aid to provide guidance, leadership, and training to assist college financial aid offices. The General Assembly encourages the State Board of Community Colleges to develop and implement a comprehensive financial aid professional development program for college financial aid staff.	$73,466 $4,150 1.00	R NR
B. Improving Instruction		
72 Equipment Provides additional funds for the purchase of instructional equipment at all 58 community colleges. Funds will be distributed in accordance with the existing equipment formula.	$10,000,000	NR

	FY 06-07	
73 Director of Joint High School - Community College Programs Provides funds in the System Office budget for the creation of a Statewide director of joint high school - community college programs, including Learn and Earn, Middle College, Huskins, and dual enrollment.	$83,950 $4,150 1.00	R NR
74 State Board Reserve Funds Provides additional funding to the State Board Reserve to provide one-time grants to colleges starting new programs.	$500,000	NR
75 Faculty & Professional Staff Salaries Funds are included in the Salary Reserve Section of this budget to provide a 6% permanent salary increase and a 2% bonus to community college faculty and professional staff.		
C. Workforce Development		
76 BioNetwork Capstone Center Provides additional funds for specialized supplies needed at the BioNetwork Capstone Center.	$310,000	NR
77 Kannapolis Research Campus Funds the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis. Funds will be used for equipment, faculty and staff, building operations, and lease expense.	$3,445,000	R
78 Regional Customized Training Directors Directs the State Board to use funds appropriated for New and Expanded Industry Training to support the 5 existing Regional Customized Training Directors, and to add 2 new Training Directors: 1 to serve the Northeast Region and 1 to serve the Southeast Region.	($387,966)	R
79 NC REAL Enterprises Provides funding for NC REAL. This program was formerly supported by the Worker Training Trust Fund.	$250,000	NR
80 NC Military Business Center Provides funds for the continued operation of the NC Military Business Center (NCMBC), a program run by Fayetteville Tech in conjunction with Craven CC, Coastal Carolina, and Wayne CC, to foster Statewide business development originating from the five military bases in the State and to sustain MatchForce.com, the State's website for matching NC businesses with federal contract opportunities.	$1,000,000	NR
D. Technology		
81 Course Management System & Learning Objects Repository Provides funds for an online teaching and learning platform for distance education.	$2,000,000	R

	FY 06-07	
82 Online Help Desk Provides funds to establish an online help desk for students enrolled in distance education courses.	$605,000 $20,000	R NR
83 NC Information Highway Expansion Provides $15,000 each to 8 colleges for the purchase of mobile ("rollabout") videoconferencing equipment.	$120,000	NR
E. Technical Adjustments		
84 Hospitalization Insurance Appropriates hospitalization insurance at the FY 06-07 rate.	$1,398,201	R
85 Tuition Receipts Adjustment Provides funds to replace under-realized tuition receipts.	$10,000,000	R
F. Receipt Supported Positions		
86 Business & Technology Applications Analyst Allows for the creation of a Business & Technology Applications Analyst position in the System Office, Administration Division to assist with Basic Skills needs, including federal literacy reporting requirements. The total requirement for this position is $85,713, to be funded entirely from Federal Adult Education Funds.		
Budget Changes	**$28,416,342** **$14,708,300**	R NR
Total Position Changes	2.00	
Revised Total Budget	**$810,420,528**	

Senate Appropriations Subcommittee on Education
Proposed Budget

May 23, 2006

Senate Subcommittee on Education

Public Education

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$6,579,807,097**

Budget Changes

A. Adjustments & Transfers

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6 Adjust Projection of Receipts from Civil Penalties & Forfeitures — $30,000,000 R

Provides funds to address adjusted projection of collections in the Civil Penalties & Forfeitures Fund. Revised amount of receipts budgeted from the Fund to support public schools operations in 2006-07 is $95,500,000.

7 Budget Receipts from Teaching Fellows Trust Fund — ($340,657) R

Budgets receipts from Teaching Fellows Trust Fund to support administration of Teaching Fellows Program. Reduces General Fund appropriation to Public School Forum accordingly.

B. Expansion: State Public School Fund

8 Restore Base Budget Funding — $44,291,248 R

Restores full base budget funding by eliminating the recurring LEA Discretionary Reduction.

9 ABC Bonuses — $90,000,000 NR

Funds ABC bonuses for schools that met or exceeded expected growth in the 2005-06 school year.

10 Disadvantaged Student Supplemental Funding (DSSF) — $26,697,440 R

Provides additional supplemental funding to be distributed to all LEAs to support their efforts to serve students who are the most at risk of academic failure. Beginning in 2006-07, all DSSF funds will be distributed based on a formula that takes into account each LEA's relative need. The sixteen LEAs receiving DSSF funds in 2005-2006 will receive no less than the DSSF amount allotted in 2005-2006.

11 Evaluate Effectiveness of DSSF and Low Wealth — $500,000 NR

Provides additional funds to support comprehensive evaluation of: (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.

12 Director of High School Turnaround — $122,350 R

1.00

Provides funds to establish a permanent position to coordinate technical assistance to school districts with high schools identified as critically low performing (performance composite below 60%).

13 Learn and Earn Initiative — $8,232,388 R; $1,533,360 NR

Expands the Learn and Earn initiative into an additional 19 high schools (bringing the total to 34). Provides planning grants to 20 additional high schools.

	FY 06-07	
14 Small Specialty High Schools Expands the small specialty high school initiative by creating 21 new small specialty schools-within-schools at 11 new sites (bringing the respective totals to 32 schools at 19 sites). Provides planning grants at 10 small schools that intend to design instruction around the following curricula: science, technology, engineering, and/or math (STEM). Provides $261,680 to support four months of principal salary for each planning site prior to becoming operational in the 2007-08 school year. Any implementation grants for STEM schools shall come from non-State sources.	$3,805,970 $661,680	R NR
15 Literacy Coaches Provides funds to support 100 school-based literacy coaches to be placed in 100 schools that contain an eighth grade. Coaches will provide research-based teaching practices and job-embedded professional development to assist teachers in the development of specialized curricula.	$4,767,400	R
16 State Board of Education Operating Support Provides additional funds to support operations of the expanded State Board of Education.	$50,000	NR
17 Virtual High School Provides funds to support implementation of the NC Virtual Public Schools initiative. Funds provide for seven administrative and support positions, 22 three-month positions, and both one-time and ongoing operating support.	$2,588,722 $189,132 7.00	R NR
18 School Connectivity Provides a reserve of funds to be used to upgrade public school connectivity as part of efforts to establish a comprehensive K-20 educational network. The State Board of Education, in collaboration with ITS, will determine through a competitive application process which LEAs will receive funding. Eligible uses of the funds include "last mile" connectivity and network infrastructure and security.	$3,000,000	NR
19 Senior Project Initiative Provides funding to support the implementation of senior projects as part of the high school exit standards. These funds shall be used for training LEA staff and teachers to implement this graduation requirement which was approved by the State Board of Education in 2004.	$500,000	NR
20 Reserve for Fuel Costs Provides funds to be used as needed in FY 2006-07 to support projected increased diesel fuel expenditures.	$16,361,485	NR
21 Salary Supplement Pilot for Math and Science Teachers Provides funds for a salary supplement pilot to be developed by the State Board of Education. Three pilot LEAs will receive funds to provide a salary supplement of $15,000 for up to 10 newly hired math and/or science teachers at the middle and/or high school level.	$515,115	R

C. Expansion: Department of Public Instruction

22 Legacy System Migration and Upgrade — $2,000,000 NR

Provides a reserve of funds to be used to bring DPI's information technology applications into compliance with statewide architecture requirements. DPI must obtain approval from the State Chief Information Officer prior to the expenditure of funds for this project. Funds may be carried forward into FY 2007-08. Any unused funds will revert to the General Fund on June 30, 2008.

23 Network Tool Replacement — $375,850 NR

Provides funds to support the cost of migrating from a network tool not supported by ITS to a tool that is supported.

24 Information Technology Security Analyst — $40,000 R

0.50

Provides funds to support a half-time IT security analyst position. The analyst will assist in the development of a security program and the execution of the DPI security charter to ensure compliance with federal regulations and state law.

25 Business Continuity Planning Analyst — $42,500 R

0.50

Provides funds to support a half-time business continuity planning analyst position. The analyst will develop and perform business continuity planning and management to ensure that DPI is in compliance with state law.

26 Purchasing Agent — $58,220

1.00

Provides funds to support a Purchasing Agent II position. The agent will ensure accurate and efficient processing of all non-IT related service contracts requiring bids.

27 NC Wise Owl — $200,000 R

Provides funding to support increased cost of Statewide subscriptions to online library resources that are made available to all teachers and students.

28 Office of Charter Schools — $161,127 R

2.00

Provides funds to support one administrative assistant, one new education planning and development consultant, and general operations of the Office of Charter Schools.

29 Business Technology Applications Analyst

Provides $72,647 from federal receipts to support a business technology applications analyst. The analyst will serve exclusively on the Exceptional Children's project team.

D. Expansion: Pass-Through Funds

30 Communities in Schools — $750,000 NR

Provides additional funds to State-level non-profit program that supports local CIS programs' efforts to connect at-risk students and their families with resources that will help the students succeed in school.

	FY 06-07	
31 NC Network Provides additional funds to non-profit program that provides training to school-based management teams.	$100,000	NR
32 NC Humanities Council Teacher Institute Program Provides funds to non-profit program focused on promoting teaching and learning that develops teachers' capacity to understand, empathize with, and relate to various cultures.	$100,000	NR
33 Teach for America Provides additional funds to non-profit program that recruits recent college graduates in non-education majors to teach in hard-to-staff schools.	$200,000	NR
Budget Changes	**$13,436,920**	R
	$116,321,507	NR
Total Position Changes	12.00	
Revised Total Budget	**$6,709,565,524**	

51 Million

33 NR

UNC System

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$2,120,397,081**

Budget Changes

A. Base Budget Adjustments

34 Building Reserves Adjustment — ($9,595,070) NR
-91.80

Adjusts the building reserves for operating costs of new buildings due to a change in their completion dates. However, this change in reserves grants additional one-time funds to campuses for supplies, equipment, and moving costs for buildings that opened in FY 05-06, but were inadvertently cut in the 2005 Session.

35 NC A&T Inflationary Increases — $163,277 R

Restores inflationary increases for library book acquisition ($145,491) and utilities ($17,786) that were left out of the base budget submitted by the Governor in the 2005 Session.

36 NC School of Science and Math Textbook Increase — $52,250 R

Increases the budget for textbooks for the North Carolina School of Science and Math. The school failed to request an increase in the 2005 Session that was sufficient to fund the increase in textbook prices.

B. Expansion

37 Enrollment Growth for UNC Campuses — $78,993,129 R
575.00

Funds enrollment growth for undergraduate and graduate students in regular term and distance education programs. Enrollment is anticipated to grow by 7,110 full time equivalent (FTE) students in FY 06-07.

38 Enrollment Growth for NC School of Science and Math — $240,000 R
3.75

Increases the enrollment at the North Carolina School of Science and Math by 12 students.

39 Need-Based Financial Aid — $21,587,990 R

Increases need-based financial aid for an increase of 1,730 eligible students entering UNC institutions in the Fall of 2006. The increase will also help the 34,930 students now receiving financial aid with price increases in tuition, fees, room, board, books, and supplies.

40 Judicial College — $750,000 R

Increases the operating funds for judicial training at the School of Government at UNC-Chapel Hill. The Judicial College was approved in the 2005 Session with an initial appropriation of $250,000.

41 ECSU Pharmacy Space — $43,000 NR

Pays the lease costs for six modular units that temporarily house the ECSU Pharmacy Program until a permanent facility is constructed.

42 Graduate Nurse Scholarship Program for Faculty Production — $1,200,000 R

Creates a graduate nurse scholarship loan program to provide $15,000 per year for up to two years for master's candidates in nursing education and up to three years for doctoral candidates. Each recipient is required to teach in a public nursing education program in North Carolina for each year they receive a scholarship loan or they must repay the loan.

shortage

43 New Bachelor of Science in Nursing Programs — $850,000 NR

Provides startup funds for new Bachelor of Science in Nursing programs at Fayetteville State University and UNC-Pembroke and a new RN to BSN program at Appalachian State University. FSU and UNCP will each receive $300,000 and ASU will receive $250,000.

44 Area Health Education Centers (AHEC) Expansion — $1,300,000 NR

Funds North Carolina Area Health Education Centers (AHEC) initiative to address health workforce shortages in Allied Health, Dentistry, Nursing, and Pharmacy. In Allied Health, adds new clinical teaching sites throughout the state with an emphasis on physical therapy, speech language pathology, and occupational therapy. Provides clinical training for PharmD students at ECSU. Supports rural training sites for dental students. Expands AHEC nursing grants program.

Bob

45 AHEC Program for Psychiatrist Recruitment — $1,000,000 R

Funds the North Carolina Area Health Education Centers (AHEC) Program to recruit psychiatrists to rural and underserved areas to provide community services. The program may include student loan repayment. A description of this item is also located in the Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services section of this report.

46 Translational Medicine Program - UNC-CH School of Medicine — $2,500,000 R

Expands the Translational Medicine Program at the UNC-Chapel Hill School of Medicine that was begun in FY 05-06 with $1 million. The program is designed to identify and train junior faculty members in translational research to speed the development of new drugs, therapeutic strategies, devices and/or diagnostics, and to train physicians to collaborate with research faculty to apply medical discoveries to patient care and patient observations in research programs to improve health care.

47 Perinatal Care Network — $75,000 NR

Provides funds for the UNC Center for Maternal and Infant Care, to develop an ongoing statewide network of providers and professionals to focus on clinical and health systems in perinatal care, to create a database, and implement quality improvement initiatives with the goal of reducing infant mortality and morbidity.

48 Kannapolis Research Campus — $5,000,000 R
$1,000,000 NR
25.00

Funds the first year cost of the University of North Carolina's involvement in the North Carolina Research Campus, located at the site of the old Cannon Mills headquarters in Kannapolis. The campus will be the centerpiece of a public-private partnership between the state of North Carolina and Mr. David Murdock and his companies, Dole Foods and Castle & Cooke.

1st of

49 NC A & T State University Matching Funds — $614,847 R

Increases the campus match of federal funds from 90% to 100% 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.

Complete

50 Biomanufacturing Research Institute and Technology Enterprise (BRITE) — $2,500,000 R

Provides operating support, curriculum development, and equipment for the BRITE program that will begin in Fall 2006 at NC Central University. Students and faculty will share space in the Mary M. Townes Science Building until the BRITE facility is completed.

51 Biomanufacturing Training and Education Center (BTEC) — $2,000,000 R

Provides operating support, curriculum development, and equipment for the BTEC program at NC State University. BTEC academic courses will begin in the summer of 2006 even though the BTEC facility will not be completed until 2007.

52 Statewide Program for Infection Control and Epidemiology (SPICE) — $500,000 NR

Provides operating support to the Statewide Program for Infection Control and Epidemiology (SPICE) at the UNC-Chapel Hill School of Medicine.

53 Institute of Medicine — $500,000 NR

Increases the Institute of Medicine's capacity to provide relevant health data and policy recommendations to the General Assembly and other state policy makers. Funding will enable the Institute to undertake two additional studies per year and to provide a rapid response for data analysis for state decision makers.

54 Family House at UNC Hospitals — $1,000,000 NR

Assists the effort to construct the Family House at UNC Hospitals. This two-story, 40 bedroom facility on Old Mason Farm Road in Chapel Hill will provide affordable housing to critically ill patients, their family members and caregivers when visiting UNC Hospitals for evaluation or treatment. Family House has raised $4.3 million of the $6.3 million construction cost and hope to open by mid 2007.

55 TEACCH — $448,349 NR

Appropriates funds to the TEACCH Program in the Department of Psychiatry at UNC-CH as follows: (1) $283,349 to increase the psychoeducational therapists' salaries and for additional fringe benefits; (2) $145,000 for TEACCH clinic rents and operations; and (3) $20,000 for the TEACCH DX and Medical Consultant Clinic.

	FY 06-07	
56 Reserve for Utility and Fuel Costs Creates a Utilities Reserve to compensate for shortfalls in university utility budgets caused by higher rates in electricity, natural gas, fuel oil, gasoline, and diesel fuel.	$8,252,127	NR
57 State Contractual Scholarship Fund Increase Increases the State Contractual Scholarship Fund from $1,150 per student in private colleges to $1,250. These funds are used for financially needy students.	$3,116,125	R
58 LTG and SCSF Expansion Expands the Legislative Tuition Grant and the State Contractual Scholarship Fund to part-time students that are lateral entry teachers or are nurses seeking additional certification.	$1,500,000	R
59 UNC-NCCCS 2+2 Joint E-Learning Initiative Provides funds to continue the UNC-NCCCS 2+2 E-Learning Initiative which began in 2005-06. This funding will be used to continue to build online capacity, teacher education courses, and accessibility for students in 2+2 teacher education programs.	$1,000,000	NR
60 UNC-Chapel Hill DESTINY Traveling Science Lab Provides funds for the DESTINY Traveling Science Lab program to support personnel and other costs associated with the program that will no longer be supported by grant funds.	$388,530	NR
61 Expand Prospective Teacher Scholarship Loan Program Provides funds for an additional 400 Prospective Teacher Scholarship Loans (PTSL). Priority for the additional awards shall be given to students seeking teacher licensure in middle and high school mathematics and science as well as students participating in a 2+2 teacher education program between the constituent institutions in the University of North Carolina and the NC Community College System.	$1,000,000	R
62 North Carolina in the World Project Provides funds to continue the NC in the World Project which began in FY 05-06. This project is an initiative of the NC Center for International Understanding and is focused on improving students knowledge and skills about the world.	$200,000	NR
63 Math and Science Education Network Pre-College Program Expansion Provides additional funds for the NC Math and Science Education Network to expand the number of Pre-College Programs. These programs help prepare under-represented students to pursue college studies in math and science.	$670,000	NR
64 Hunt Institute Provides additional operating support for the James B. Hunt, Jr. Institute for Educational Leadership and Policy in Chapel Hill. These funds will enable the Institute to sponsor a number of new initiatives focused on improving science and math instruction, encouraging extracurricular programs for students, and expanding the Institute's reach to vested interests in educational improvement such as mayors and chambers of commerce.	$500,000	NR

	FY 06-07	
65 NC Teacher Academy Training of Literacy Coaches Provides funds to the NC Teacher Academy to train literacy coaches who will each be assigned to schools with an eighth grade to provide professional development in literacy skills. Funds shall be used to design, develop, and implement both face-to-face and online training for these coaches	$1,675,000 $225,000	R NR
Budget Changes	**$123,892,618** **$7,356,936**	**R** **NR**
Total Position Changes	511.95	
Revised Total Budget	**$2,251,646,635**	

5
6/7
15
19
27
28

	FY 06-07
Total Budget Approved 2005 Session	**$767,295,886**

Budget Changes

A. Access

66 Enrollment Growth — $7,040,090 R

Fully funds the community college enrollment request. Enrollment increased by 2,250 FTE, from 190,750 to 193,000, an increase of 1.18%.

67 Multi-Campus College Enrollment Growth — $601,171 R

Provides funds to accommodate enrollment growth at 12 multi-campus locations. Total supplemental funding for multi-campus colleges will be $10,916,638, distributed on a formula basis to 16 colleges for 23 sites.

68 Enrollment Growth Reserve — $2,000,000 NR

Provides funds for an Enrollment Growth Reserve to assist colleges that experience high growth in the Fall semester. Funds shall be distributed to colleges that realize an increase greater than 5% over the previous Fall semester.

69 Need Based Financial Aid for Teaching and Nursing — $500,000 NR

Provides funds for financially needy students enrolling in teacher prep or nursing programs. This program will be funded through the Lottery Scholarship program beginning in FY 07-08.

70 Community College Financial Aid Staff — $3,557,430 R

Provides one position in the base allotment for administration for additional financial aid staff at each college.

71 Associate Director of Financial Aid — $73,466 R; $4,150 NR; 1.00

Provides funding in the System Office budget for an Associate Director of Financial Aid to provide guidance, leadership, and training to assist college financial aid offices. The General Assembly encourages the State Board of Community Colleges to develop and implement a comprehensive financial aid professional development program for college financial aid staff.

B. Improving Instruction

72 Equipment — $10,000,000 NR

Provides additional funds for the purchase of instructional equipment at all 58 community colleges. Funds will be distributed in accordance with the existing equipment formula.

	FY 06-07	
73 Director of Joint High School - Community College Programs Provides funds in the System Office budget for the creation of a Statewide director of joint high school - community college programs, including Learn and Earn, Middle College, Huskins, and dual enrollment.	$83,950 $4,150 1.00	R NR
74 State Board Reserve Funds Provides additional funding to the State Board Reserve to provide one-time grants to colleges starting new programs.	$500,000	NR
75 Faculty & Professional Staff Salaries Funds are included in the Salary Reserve Section of this budget to provide a 6% permanent salary increase and a 2% bonus to community college faculty and professional staff.		

C. Workforce Development

76 BioNetwork Capstone Center Provides additional funds for specialized supplies needed at the BioNetwork Capstone Center.	$310,000	NR
77 Kannapolis Research Campus Funds the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis. Funds will be used for equipment, faculty and staff, building operations, and lease expense.	$3,445,000	R
78 Regional Customized Training Directors Directs the State Board to use funds appropriated for New and Expanded Industry Training to support the 5 existing Regional Customized Training Directors, and to add 2 new Training Directors: 1 to serve the Northeast Region and 1 to serve the Southeast Region.	($387,966)	
79 NC REAL Enterprises Provides funding for NC REAL. This program was formerly supported by the Worker Training Trust Fund.	$250,000	NR
80 NC Military Business Center Provides funds for the continued operation of the NC Military Business Center (NCMBC), a program run by Fayetteville Tech in conjunction with Craven CC, Coastal Carolina, and Wayne CC, to foster Statewide business development originating from the five military bases in the State and to sustain MatchForce.com, the State's website for matching NC businesses with federal contract opportunities.	$1,000,000	NR

D. Technology

81 Course Management System & Learning Objects Repository Provides funds for an online teaching and learning platform for distance education.	$2,000,000	R
82 Online Help Desk Provides funds to establish an online help desk for students enrolled in distance education courses.	$605,000 $20,000	R

	FY 06-07	
83 NC Information Highway Expansion Provides $15,000 each to 8 colleges for the purchase of mobile ("rollabout") videoconferencing equipment.	$120,000	NR
E. Technical Adjustments		
84 Hospitalization Insurance Appropriates hospitalization insurance at the FY 06-07 rate.	$1,398,201	R
85 Tuition Receipts Adjustment Provides funds to replace under-realized tuition receipts.	$10,000,000	R
F. Receipt Supported Positions		
86 Business & Technology Applications Analyst Allows for the creation of a Business & Technology Applications Analyst position in the System Office, Administration Division to assist with Basic Skills needs, including federal literacy reporting requirements. The total requirement for this position is $85,713, to be funded entirely from Federal Adult Education Funds.		
Budget Changes	**$28,416,342** **$14,708,300**	R NR
Total Position Changes	2.00	
Revised Total Budget	**$810,420,528**	

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Actuarial Note

RETIREMENT

BILL NUMBER: Senate Bill 1741 (First Edition)

SHORT TITLE: Modify Appropriations Act of 2005.

SPONSOR(S): Senator Garrou

SPECIAL PROVISION: PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM AND THE LEGISLATIVE RETIREMENT SYSTEM

FUNDS AFFECTED: General Fund, Highway Fund, and Receipt Funds

SYSTEM OR PROGRAM AFFECTED: Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System and Legislative Retirement System.

EFFECTIVE DATE: July 1, 2006

PROVISION SUMMARY: Provides a post-retirement increase of 3% in the benefits of retirees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System and the Legislative Retirement System.

ESTIMATED IMPACT:

Teachers' and State Employees' Retirement System

Retirement System Actuary: Buck Consultants estimates the cost to be 1.02% of the payroll of all members of the Teachers' and State Employees' Retirement System.

	2006-07	2007-08	2008-09	2009-10	2001-11
General Fund	$86.4M	$90.1M	$93.8M	$97.8M	$101.9M
Highway Fund	$ 4.3M	$ 4.4M	$ 4.6M	$ 4.8M	$5.0M
Receipt Funds	$27.5M	$28.7M	$29.9M	$31.2M	$32.5M
TOTAL COST	**$118.2M**	**$123.2M**	**$128.4M**	**$133.8M**	**$139.4M**

General Assembly Actuary: **Hartman & Associates estimates the cost to be 0.93% of the payroll of all members of the Teachers' and State Employees' Retirement System.**

	2006-07	2007-08	2008-09	2009-10	2010-11
General Fund	$78.8M	$82.1M	$85.6M	$89.2M	$92.9M
Highway Fund	$ 3.9M	$ 4.1M	$ 4.2M	$ 4.4M	$4.6M
Receipt Funds	$25.1M	$26.2M	$27.3M	$28.4M	$29.6M
TOTAL COST	**$107.8M**	**$112.3M**	**$117.1M**	**$122.0M**	**$127.1M**

There are available gains of 0.70% of payroll in the Teachers' and State Employees' Retirement System so an increase of 0.32% in the employer contribution rate would be necessary to pay the additional cost. The appropriation needed is as follows:

	2006-07	2007-08	2008-09	2009-10	2010-11
General Fund	$27.1M	$28.3M	$29.4M	$30.7M	$32.0M
Highway Fund	$ 1.3M	$ 1.4M	$ 1.5M	$ 1.5M	$ 1.6M
Receipt Funds	$ 8.6M	$ 9.0M	$ 9.4M	$ 9.8M	$ 10.2M
TOTAL COST	**$37.1M**	**$38.6M**	**$40.3M**	**$42.0M**	**$43.7M**

Consolidated Judicial Retirement System

Retirement System Actuary: Buck Consultants estimates the cost to be 1.59% of payroll.

	2006-07	2007-08	2008-09	2009-10	2001-11
General Fund	**$860,190**	**$884,619**	**$909,743**	**$935,579**	**$962,150**

General Assembly Actuary: Hartman & Associates estimates the cost to be 1.44% of payroll.

	2006-07	2007-08	2008-09	2009-10	2001-11
General Fund	**$779,040**	**$801,165**	**$823,918**	**$847,317**	**871,381**

There are available gains in the Consolidated Judicial Retirement System so no additional appropriation is needed.

Legislative Retirement System

Retirement System Actuary: Charles Dunn estimates the cost to be 1.65% of payroll.

	2006-07	2007-08	2008-09	2009-10	2001-11
General Fund	**$59,813**	**$59,813**	**$59,813**	**$59,813**	**$59,813**

General Assembly Actuary: Hartman & Associates estimates the cost to be 1.47% of payroll.

	2006-07	2007-08	2008-09	2009-10	2001-11
General Fund	$53,288	$53,288	$53,288	$53,288	$53,288

SPECIAL PROVISION: INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND

FUNDS AFFECTED: General Fund

SYSTEM OR PROGRAM AFFECTED: Firemen's and Rescue Squad Workers' Pension Fund

EFFECTIVE DATE: July 1, 2006

PROVISION SUMMARY: Increases the monthly benefit to retirees and future retirees of the Firemen's and Rescue Squad Workers' Pension Fund from $163 to $165.

ESTIMATED IMPACT ON STATE:
Both the Fund's actuary, Buck Consultants and the General Assembly's actuary, Hartman & Associates, LLC, estimates the cost to be as follows:

	2006-07	2007-08	2008-09	2009-10	2010-11
Benefit Increase	**$625,000**	**$625,000**	**$625,000**	**$625,000**	**$625,000**

There are actuarial gains in the Fund in the amount of $111,000 so an appropriation of $514,000 is required.

SPECIAL PROVISION: INCREASE THE MAXIMUM MONTHLY PENSION BENEFITS FOR RETIRED MEMBERS OF THE NORTH CAROLINA NATIONAL GUARD

FUNDS AFFECTED: General Fund

SYSTEM OR PROGRAM AFFECTED: North Carolina National Guard Pension Fund

EFFECTIVE DATE: July 1, 2006

PROVISION SUMMARY: Increases the benefit from the North Carolina National Guard Pension Fund from $75 to $80 per month for the first 20 years of creditable service and from $7.50 to $8.00 per month for each additional year of creditable service with the maximum benefit increased from $150 to $160 per month.

ESTIMATED IMPACT ON STATE: Both, Buck Consultants, the Retirement System's actuary, and Hartman & Associates, the General Assembly's actuary, agree that the cost will be as follows:

	2006-07	2007-08	2008-09	2009-10	2010-11
Benefit Increase	**$964,000**	**$964,000**	**$964,000**	**$964,000**	**$964,000**

There are no gains within the Fund so a General Fund appropriation in the above amounts will be required. The accrued liability would be liquidated in a nine-year period of time.

ASSUMPTIONS AND METHODOLOGY:

Teachers' & State Employees' Retirement System

The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 2004 actuarial valuation of the fund. The data included 311,612 active members with an annual payroll of $10.4 billion and 128,577 retired members in receipt of annual pensions totaling $2.3 billion. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) salary increase rate of 6.25%, (c) the George B. Buck Mortality Tables for deaths in service and after retirement and (d) rates of separation from active service based on System experience. The actuarial cost method used was the entry age normal method with open-end unfunded accrued liability and a frozen unfunded liquidation period of nine years. Detailed information concerning these assumptions and methods is shown in the actuary's report, which is available upon request from Stanley Moore.

Consolidated Judicial Retirement System

The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 2004 actuarial valuation of the fund. The data included 490 active members with an annual payroll of $49.4 million and 420 retired members in receipt of annual pensions totaling $20.2 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) salary increase rate of 6.25%, (c) the 1979 George B. Buck Mortality Table for deaths after retirement, and (d) rates of separation from active service based on System experience. The actuarial cost method used to determine the liabilities is the projected benefit method; however, the method used to determine the contribution rate is the projected unit credit method with a frozen unfunded liquidation period of nine years. Detailed information concerning these assumptions and methods is shown in the actuary's report, which is available upon request from Stanley Moore.

Legislative Retirement System

The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 2004 actuarial valuation of the fund. The data included 169 active members with an annual payroll of $3.7 million and 236 retired members in receipt of annual pensions totaling $1.5 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) the 1971 Group Annuity Mortality Tables for deaths in service and after retirement and (c) 100% vesting after five years of service with no assumptions for terminations other than death and disability. The actuarial cost method used was the projected unit credit cost method with service prorated. The actuarial liability is computed by using member service to date and attributing an equal benefit amount to each year of credited and expected future service. Detailed information concerning these assumptions and methods is shown in the actuary's report, which is available upon request from Stanley Moore.

Firemen and Rescue Squad Workers' Pension Fund

The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the June 30, 2005 actuarial valuation of the fund. The data included 33,520 active members and 9,495 retired members in receipt of annual pensions totaling $18.6 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) the 1974 George B. Buck Mortality Table for deaths after retirement and (c) rates of

separation from active service based on Fund experience. The actuarial cost method used was the entry age method with open-end unfunded accrued liability and a frozen unfunded liquidation period of nine years. Detailed information concerning these assumptions and methods is shown in the actuary's report, which is available upon request from Stanley Moore.

North Carolina National Guard Pension Fund
The cost estimates of the Fund's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 2004 actuarial valuation of the fund. The data included 8,005 active members, 6,924 former members entitled to deferred benefits and 2,461 retired members in receipt of annual pensions totaling $2.3 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) the 1979 George B. Buck Mortality Table for deaths after retirement and (c) rates of separation from active service based on Fund experience. The actuarial cost method used was the entry age method with open-end unfunded accrued liability and a frozen unfunded liquidation period of nine years. Detailed information concerning these assumptions and methods is shown in the actuary's report, which is available upon request from Stanley Moore.

SOURCES OF DATA: Buck Consultants
Hartman & Associates, LLC
Charles W. Dunn

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910. The above information is provided in accordance with North Carolina General Statute 120-114 and applicable rules of the North Carolina Senate and House of Representatives.

PREPARED BY: Stanley Moore

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE: May 23, 2006

Official
Fiscal Research Division
Publication

Signed Copy Located in the NCGA Principal Clerk's Offices

buckconsultants
an ACS company

March 15, 2006

Mr. J. Brett Joyal
Policy Director
Retirement Systems Division
Department of State Treasurer
325 North Salisbury Street
Raleigh, NC 27603-1385

Re: 1% COLA

Dear Mr. Joyal:

We have received Mr. Stanley Moore's request of March 13 regarding information that affects the Teachers' and State Employees' Retirement System and the Consolidated Judicial Retirement System.

TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

The cost of a post-retirement increase in the allowances of retirees and other beneficiaries of the Teachers' and State Employees' Retirement System equal to 1.0% for those who commenced retirement on or before July 1, 2005, and a prorated portion of the 1.0% post-retirement increase for those who commenced retirement after July 1, 2005 and before June 30, 2006, with all increases payable effective July 1, 2006 is 0.34% of payroll.

CONSOLIDATED JUDICIAL RETIREMENT SYSTEM

The cost of a post-retirement increase in the allowances of retirees and other beneficiaries of the Consolidated Judicial Retirement System, equal to 1.0% for those who commenced retirement on or before July 1, 2005 and a prorated portion of the 1.0% post-retirement increase for those who commenced retirement after July 1, 2005 and before June 30, 2006, with all increases payable effective July 1, 2006 is 0.53% of payroll.

These costs are based on the results of the December 31, 2004 valuation, with an update for the assumption changes that will be proposed in April for the December 31, 2005 valuation of the Teachers' and State Employees' Retirement System.

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If you have any questions or need additional assistance, please let us know.

Very truly yours,

Richard A. Mackesey, F.S.A.
Principal, Consulting Actuary

RAM:cj
\NC\COR\60313RM3.DOC

HARTMAN & ASSOCIATES, LLC

ACTUARIAL CONSULTING

MARK V. HARTMAN, FSA, MAAA, MCA, EA

hartman@triad.rr.com

Phone: (336) 731-4038
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668 Link Road
Lexington, NC 27295

March 30, 2006

Mr. Stanley Moore
Fiscal Research Division
North Carolina General Assembly
300 N. Salisbury Street
Raleigh, NC 27603-5925

Re: 1% COLA for Retirees in the TSERS, LGERS, CJRS and LRS Systems

Dear Mr. Moore:

You have requested the cost of providing a 1.0% cost of living adjustment, effective July 1, 2006, for beneficiaries of the Teachers' and State Employees' Retirement System (TSERS), the Local Governmental Employees' Retirement System (LGERS), the Consolidated Judicial Retirement System (CJRS) and the Legislative Retirement System (LRS). The specific benefit increases are as follows:

1. In the TSERS, LGERS and CJRS, increase the retirement allowance 1.0% for all beneficiaries who retired on or before July 1, 2005, with a prorated increase for retirements between July 1, 2005 and June 30, 2006.

2. In the LRS, increase the retirement allowance 1.0% for all beneficiaries who retired on or before January 1, 2006, with a prorated increase for retirements after January 1, 2006 and before June 30, 2006.

The estimated costs for a 1% COLA are shown below for each system. Costs are for the fiscal year beginning July 1, 2006 and are expressed as a percentage of payroll.

System	Cost of 1% COLA	Amort. Period for Unfunded Liability
TSERS	0.31%	9 years
LGERS	0.13%	N/A
CJRS	0.48%	9 years
LRS	0.49%	8 years

These estimates are based on the most recent actuarial valuations prepared as of December 31, 2004. Costs for COLA adjustments other than 1.0% would be proportionate to the above values.

If you have any questions, let me know.

Sincerely,

Mark Hartman

Mark V. Hartman, FSA, MAAA, FCA, EA
Consulting Actuary

MVH/mt

CHARLES W. DUNN

CONSULTING ACTUARY

Phone/Fax: (919) 787-8989

2008 Nancy Ann Drive
Raleigh, NC 27607

May 19, 2006

Mr. Stanley Moore
Fiscal Research Division
North Carolina General Assembly
300 N. Salisbury Street
Raleigh, NC 27603-5925

RE: COLA to provide a 1.0% increase to retirees of the Legislative Retirement System

Dear Mr. Moore:

This COLA would provide an increase of 1.0% in the retirement allowance for beneficiaries of the Legislative Retirement System who retired on or before January 1, 2006. A prorated amount of the 1.0% increase would be provided for the beneficiaries who retired after January 1, 2006, but before July 1, 2006. The increase would be effective July 1, 2006.

The estimated cost of this increase as a percent of payroll is 0.80% for a 5-year amortization period and 0.55% for an 8-year amortization period.

Sincerely yours,

Charles W. Dunn, FSA, MAAA

buckconsultants.
an ACS company

March 15, 2006

Mr. J. Brett Joyal
Policy Director
Retirement Systems Division
Department of State Treasurer
325 North Salisbury Street
Raleigh, NC 27603-1385

Re: $1 Benefit Increase

Dear Mr. Joyal:

We have received Mr. Stanley Moore's request of March 13 regarding information that affects the Firemen's and Rescue Squad Workers' Pension Fund (the Fund).

The current monthly pension payment is $163.00 to all pensioners. The cost of a one-dollar ($1.00) increase to $164.00 payable monthly to current and future pensioners from this Pension Fund is as follows:

ADDITIONAL ANNUAL CONTRIBUTIONS PAYABLE BY THE STATE FOR AN INCREASE IN PENSION FROM $163 TO $164 FOR CURRENT AND FUTURE RETIRED MEMBERS

Additional contribution for $1.00 increase:	
Normal	$ 42,905
Accrued liability	269,576
Total	$ 312,481
Available annual contribution due to actuarial gains From June 30, 2005 valuation	$ 111,399
Additional appropriation required	$ 201,082

This cost estimate is based on the Fund's valuation as of June 30, 2005, including a funding basis of nine years for liquidation of unfunded accrued liabilities. Under the assumption that $7,815,058 is the budgeted annual contribution amount for the 2006-2007 fiscal year and assuming no repayment of the $676,375 net pension obligation, there is $111,399 available from actuarial gains as of June 30, 2005 to offset the required contributions for benefit improvements. The annual cost of this

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increase is $312,481. Therefore, this increase would require an additional appropriation of $201,082 for the 2006-2007 fiscal year.

If you have any questions or need additional assistance, please let us know.

Very truly yours,

Richard A. Mackesey, F.S.A.
Principal, Consulting Actuary

RAM:cj
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668 Link Road
Lexington, NC 27295

March 28, 2006

Mr. Stanley Moore
Fiscal Research Division
North Carolina General Assembly
300 N. Salisbury Street
Raleigh, NC 27603-5925

Re: $1 Increase in the Monthly Pension for Members of the FRSW

Dear Mr. Moore:

You have requested the cost of a $1.00 increase in the monthly retirement benefit in the Firemen's and Rescue Squad Workers' Pension Fund (FRSW). Currently, the FRSW provides a retirement benefit of $163 per month for current and future retirees. The increase would become effective July 1, 2006.

An increase in the retirement benefit amount will increase both the normal cost rate and the unfunded accrued liability. Based on a nine year amortization period for the additional accrued liabilities, the estimated cost for each $1.00 increase in the benefit amount for the fiscal year beginning July 1, 2006, is $312,601.

This estimate is based on the data contained in the most recent actuarial valuation prepared as of June 30, 2005. Costs for benefit adjustments other than $1.00 would be proportionate to the above values.

If you have any questions, let me know.

Sincerely,

Mark Hartman

Mark V. Hartman, FSA, MAAA, FCA, EA
Consulting Actuary

MVH/mt

buckconsultants.
an ACS company

May 10, 2006

Mr. J. Brett Joyal
Policy Director
Retirement Systems Division
Department of State Treasurer
325 North Salisbury Street
Raleigh, NC 27603-1385

Re: Pension Increase Proposal

Dear Mr. Joyal:

We have received Mr. Stanley Moore's request of May 10 regarding a pension increase proposal, which affects the National Guard Pension Fund.

This proposal would revise G.S. 127A-40(a) by increasing the base pension for every member and former member who meets the requirements from $75.00 per month to $80.00 per month for 20 years of creditable military service; the pension increase for each additional year of military service will be raised from $7.50 per month to $8.00 per month; the maximum pension allowed will be increased under this legislation from $150.00 per month to $160.00 per month.

Our cost estimate for this proposal is based on the Fund's valuation as of December 31, 2004, including a funding basis of nine years for liquidation of unfunded accrued liabilities. The annual cost of this proposal is $963,982. Therefore, this proposal would require an additional appropriation of $963,982 for the 2006-2007 fiscal year. The following table shows the required annual contribution for this proposal.

ADDITIONAL ANNUAL CONTRIBUTIONS PAYABLE BY THE STATE
FOR PENSION INCREASE PROPOSAL
FOR CURRENT AND FUTURE RETIRED MEMBERS

Additional contribution:	
Normal	$ 31,540
Accrued liability	932,442
Total	$ 963,982

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If you have any questions concerning this information, please let us know.

Very truly yours,

Richard A. Mackesey, F.S.A.
Principal, Consulting Actuary

RAM:km
\NC\COR\60510RM1.DOC

HARTMAN & ASSOCIATES, LLC

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668 Link Road
Lexington, NC 27295

May 17, 2006

Mr. Stanley Moore
Fiscal Research Division
North Carolina General Assembly
300 N. Salisbury Street
Raleigh, NC 27603-5925

Re: Proposed Increase in the Maximum Monthly Pension for Retired Members of the North Carolina National Guard

Dear Mr. Moore:

This proposal would amend G.S. 127A-40(a) to increase the retirement benefits payable from the North Carolina National Guard Pension Fund. Currently, the Fund provides a benefit for eligible retired members of $75 per month for 20 years of creditable service plus $7.50 per month for each additional year of service, subject to a maximum benefit of $150 per month. This proposal would increase the retirement benefit to $80 per month for 20 years of creditable service plus $8.00 per month for each additional year of service, subject to a maximum benefit of $160 per month. I have assumed the increase is effective July 1, 2006.

This change would increase the retirement benefit for both current and future retires. This would increase both the normal cost rate and the unfunded accrued liability. Based on a nine year amortization period for the additional accrued liabilities, the estimated cost for the fiscal year beginning July 1, 2006 is $963,500.

This estimate is based on the data contained in the most recent actuarial valuation prepared as of December 31, 2004.

If you have any questions, let me know.

Sincerely,

Mark Hartman

Mark V. Hartman, FSA, MAAA, FCA, EA
Consulting Actuary

MVH/mt

SENATE APPROPRIATIONS COMMITTEE

REPORT
ON THE
CONTINUATION, EXPANSION
AND
CAPITAL BUDGETS

Senate Bill 1741

Modify Appropriations Act of 2005

North Carolina General Assembly

May 23, 2006

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Budget Reform Statement
General Fund Availability

		FY 2006-07
1	Unappropriated Balance from FY 2005-06	113,386,988
2	Less: HB 1868 Emergency Appropriation for Department of Correction	(15,000,000)
3	Projected Reversions from FY 2005-06	125,000,000
4	Projected Over Collections from FY 2005-06	1,072,100,000
5	**Year End Unreserved Credit Balance before Earmarkings**	**1,295,486,988**
6		
7	Less: Credit to Savings Reserve Account	(323,871,747)
8	Less: Credit to Repairs and Renovations Reserve Account	(225,000,000)
9	**Revised Year End Unreserved Credit Balance**	**746,615,241**
10		
11	**Revenues Based on Existing Tax Structure**	**16,951,416,000**
12		
13	**Non-tax Revenues**	
14	Investment Income	78,700,000
15	Judicial Fees	168,605,271
16	Disproportionate Share	100,000,000
17	Insurance	51,543,813
18	Other Non-Tax Revenues	455,382,930
19	**Subtotal Non-tax Revenues**	**854,232,014**
20		
21	**Total General Fund Availability**	**18,552,263,255**
22		
23	**Adjustments to Availability: 2006 Session**	
24	Adjustment to Baseline Revenue Forecast	698,864,995
25	Reduce Sales Tax from 4.5% to 4.25% - January 1, 2007	(118,000,000)
26	Reduce Top Personal Income Tax Rate to 8.0% - January 1, 2007	(28,600,000)
27	Reserve for Other Tax Reductions	(78,400,000)
28	Redirect Portion of Alcohol Excise Tax to Mental Health Trust Fund	(9,390,000)
29	Redirect Court of Justice Fee for Legal Service Programs	(1,000,000)
30	Reduce Transfer from Highway Trust Fund	(195,176,407)
33		
34	**Subtotal Adjustments to Availability: 2006 Session**	**268,298,588**
35		
36	**Revised General Fund Availability for the 2006-07 Fiscal Year**	**18,820,561,843**
37		
38	**Less: Total General Fund Appropriations for the 2006-07 Fiscal Year**	**(18,820,561,843)**
39		
40	**Unappropriated Balance Remaining**	**0**

SUMMARY:

GENERAL FUND APPROPRIATIONS

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Education:						
Community Colleges	767,295,886	28,416,342	14,708,300	43,124,642	2.00	810,420,528
Public Education	6,579,807,097	13,436,920	116,321,507	129,758,427	12.00	6,709,565,524
University System	2,120,397,081	123,892,618	7,356,936	131,249,554	486.95	2,251,646,635
Total Education	**9,467,500,064**	**165,745,880**	**138,386,743**	**304,132,623**	**500.95**	**9,771,632,687**
Health and Human Services:						
Office of the Secretary	118,880,919	(66,646,653)	1,371,533	(65,275,120)	0.00	53,605,799
Aging Division	29,495,139	3,000,000	0	3,000,000	0.00	32,495,139
Blind and Deaf / Hard of Hearing Services	9,681,220	0	75,000	75,000	0.00	9,756,220
Child Development	267,356,799	34,453,222	1,012,291	35,465,513	10.00	302,822,312
Education Services	34,281,895	778,548	50,000	828,548	23.00	35,110,443
Facility Services	15,959,466			0	0.00	15,959,466
Medical Assistance	2,751,209,159	(150,150,000)	300,000	(149,850,000)	0.00	2,601,359,159
MH/DD/SAS	602,556,655	70,844,934	6,745,000	77,589,934	162.00	680,146,589
NC Health Choice	51,882,902			0	0.00	51,882,902
Public Health	150,814,496	16,229,242	2,856,000	19,085,242	201.00	169,899,738
Social Services	190,679,285	12,399,153	400,000	12,799,153	0.00	203,478,438
Vocational Rehabilitation	42,142,193			0	0.00	42,142,193
Total Health and Human Services	**4,264,940,128**	**(79,091,554)**	**12,809,824**	**(66,281,730)**	**396.00**	**4,198,658,398**
Justice and Public Safety:						
Correction	1,048,492,502	17,896,140	15,385,208	33,281,348	148.00	1,081,773,850
Crime Control & Public Safety	35,153,488	1,676,424	1,998,856	3,675,280	10.00	38,828,768
Judicial Department	345,760,410	15,829,445	11,265,980	27,095,425	235.75	372,855,835
Judicial - Indigent Defense	88,648,414	2,857,191	4,625,938	7,483,129	1.00	96,131,543
Justice	78,697,271	1,573,855	3,464,484	5,038,339	18.00	83,735,610
Juvenile Justice & Delinquency Prevention	138,873,166	2,168,853	358,826	2,527,679	61.00	141,400,845
Total Justice and Public Safety	**1,735,625,251**	**42,001,908**	**37,099,292**	**79,101,200**	**473.75**	**1,814,726,451**

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Natural And Economic Resources:						
Agriculture and Consumer Services	51,032,884	2,039,296	1,636,965	3,676,261	31.0	54,709,145
Commerce	36,728,265	867,483	19,355,000	20,222,483	10.00	56,950,748
Commerce - State Aid	11,722,085	500,000	0	500,000	0.00	12,222,085
Environment and Natural Resources	168,451,089	5,438,265	9,457,732	14,895,997	19.00	183,347,086
DENR - Clean Water Mgmt. Trust Fund	100,000,000	0	0	0	0.00	100,000,000
Labor	14,434,925	413,894	200,000	613,894	3.50	15,048,819
NC Biotechnology Center	10,583,395	2,000,000	2,000,000	4,000,000	0.00	14,583,395
Rural Economic Development Center	25,052,607	(500,000)	0	(500,000)	0.00	24,552,607
Total Natural and Economic Resources	**418,005,250**	**10,758,938**	**32,649,697**	**43,408,635**	**63.50**	**461,413,885**
General Government:						
Administration	58,818,473	1,837,045	2,380,191	4,217,236	22.00	63,035,709
Auditor	10,840,918	38,500	0	38,500	0.00	10,879,418
Cultural Resources	62,917,147	1,331,818	3,798,744	5,130,562	29.00	68,047,709
Cultural Resources - Roanoke Island	1,783,374	0	0	0	0.00	1,783,374
General Assembly	46,965,432	0	168,346	168,346	0.00	47,133,778
Governor	5,344,528	100,000	0	100,000	0.00	5,444,528
NC Housing Finance Agency	4,750,945	0	17,750,000	17,750,000	0.00	22,500,945
Insurance	28,110,582	130,057	12,000	142,057	2.00	28,252,639
Insurance - Workers' Compensation Fund	4,500,000	0	0	0	0.00	4,500,000
Lieutenant Governor	753,037	88,433	0	88,433	1.00	841,470
Office of Administrative Hearings	2,969,712	269,578	11,789	281,367	2.00	3,251,079
Revenue	80,673,250	341,904	766,488	1,108,392	-2.00	81,781,642
Secretary of State	9,369,633	526,217	26,850	553,067	5.25	9,922,700
State Board of Elections	5,069,307	784,240	205,276	989,516	33.00	6,058,823
State Budget and Management	6,021,795	240,438	169,500	409,938	3.00	6,431,733
State Budget and Management -- Special	5,111,429	755,232	598,021	1,353,253	0.00	6,464,682
State Controller	10,044,511	0	0	0	0.00	10,044,511
Treasurer - Operations	8,295,843	281,784	0	281,784	0.00	8,577,627
Treasurer - Retirement / Benefits	8,651,457	514,000	0	514,000	0.00	9,165,457
Total General Government	**360,991,373**	**7,239,246**	**25,887,205**	**33,126,451**	**95.25**	**394,117,824**

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Transportation	**0**	**0**	**0**	**0**		**0**
Statewide Reserves and Debt Service:						
Debt Service:						
Interest / Redemption	619,291,140	0	(50,000,000)	(50,000,000)		569,291,140
Federal Reimbursement	1,616,380	0	0	0		1,616,380
Subtotal Debt Service	**620,907,520**	**0**	**(50,000,000)**	**(50,000,000)**	**0.00**	**570,907,520**
Statewide Reserves:						
Compensation Increases	235,185,705	639,580,867	52,607,506	692,188,373		927,374,078
Reserve for Contingent Appropriations	85,000,000			0		85,000,000
Salary Adjustment Fund: 2005-07 Biennium	4,500,000	0	0	0		4,500,000
Salary Adjustment Fund: 2004-05 Fiscal Year	4,500,000			0		4,500,000
Teachers' & State Employees Retirement Cont	13,810,800	27,107,200	0	27,107,200		40,918,000
Retirement System Payback	0	0	30,000,000	30,000,000		30,000,000
Death Benefit Trust	12,899,200			0		12,899,200
Disability Income Plan	6,586,500	0	0	0		6,586,500
State Health Plan	142,728,000		0	0		142,728,000
Contingency and Emergency	5,000,000	0	0	0		5,000,000
Information Technology Rate Adjustments	(2,300,000)		0	0		(2,300,000)
Information Technology Fund	8,025,000	7,559,349	34,527,880	42,087,229	52.75	50,112,229
Job Development Incentive Grants Reserve	12,400,000	0		0		12,400,000
Reserve for Heating and Cooling Assistance		0	10,000,000	10,000,000		10,000,000
Reserve for Legal Expenses		0	1,065,710	1,065,710		1,065,710
Trust Fund for MH, DD, SAS and Bridge Funding Needs		0	5,000,000	5,000,000		5,000,000
Establish State Emergency Response Account		0	20,000,000	20,000,000		20,000,000
Subtotal Statewide Reserves	**528,335,205**	**674,247,416**	**153,201,096**	**827,448,512**	**52.75**	**1,355,783,717**
Total Reserves and Debt Service	**1,149,242,725**	**674,247,416**	**103,201,096**	**777,448,512**	**52.75**	**1,926,691,237**
Total General Fund for Operations	**17,396,304,791**	**820,901,834**	**350,033,857**	**1,170,935,691**	**1,582.20**	**18,567,240,482**

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Other General Fund Expenditures:						
Capital Improvements	0	0	253,321,361	253,321,361		253,321,361
Repairs and Renovations	0			0		0
Total Other General Fund Expenditures	**0**	**0**	**253,321,361**	**253,321,361**	**0.00**	**253,321,361**
Total General Fund Budget	**17,396,304,791**	**820,901,834**	**603,355,218**	**1,424,257,052**	**1,582.20**	**18,820,561,843**

EDUCATION
Section F

Public Education

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$6,579,807,097**

Budget Changes

A. Adjustments & Transfers

1 Average Daily Membership (ADM) $76,299,816 R

Revises projected increase in ADM for FY 2006-07 to reflect 18,363 more students than originally projected. Dollar amount of adjustment includes increases in all position, dollar, and categorical allotments.

Total funded ADM for FY 2006-07 is 1,435,475, an increase of 38,103 over FY 2005-06.

Due to a projected increase in ninth grade ADM, receipts from the Highway Fund budgeted for Driver's Education will increase by $457,971.

2 Budgeted Average Salary ($56,180,428) R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2005. Adjustment does not reduce any salary paid to certified personnel.

3 Budget Receipts from NC Education Lottery for Class Size Reduction ($127,864,291) R

Budgets receipts from NC Education Lottery Fund to support class size reduction in accordance with statute.

4 Transfer More at Four Program and Office of School Readiness

Effective July 1, 2006, transfers the More at Four Program and Office of School Readiness to the Department of Public Instruction (DPI). These transfers shall have all the elements of a Type I transfer, as defined by G.S. 143A-6.

5 Budget Receipts from NC Education Lottery for More at Four

Budgets $66,646,653 in receipts from NC Education Lottery Fund to support the More at Four program in accordance with statute. In addition, budgets an additional $17,989,056 from lottery proceeds to support the following program expansion: creation of 3,200 additional program slots, increased funding of $200 per slot for all 18,653 slots, and establishment of five new receipt-supported staff positions (More at Four: Educational Development & Planning Consultant II, Educational Consultant II, and Education Processing Assistant; DPI: Accounts Payable Clerk I, and Accountant I) who will perform monitoring, technical assistance, and financial management functions.

6 Adjust Projection of Receipts from Civil Penalties & Forfeitures — $30,000,000 R

Provides funds to address adjusted projection of collections in the Civil Penalties & Forfeitures Fund. Revised amount of receipts budgeted from the Fund to support public schools operations in 2006-07 is $95,500,000.

7 Budget Receipts from Teaching Fellows Trust Fund — ($340,657) R

Budgets receipts from Teaching Fellows Trust Fund to support administration of Teaching Fellows Program. Reduces General Fund appropriation to Public School Forum accordingly.

B. Expansion: State Public School Fund

8 Restore Base Budget Funding — $44,291,248 R

Restores full base budget funding by eliminating the recurring LEA Discretionary Reduction.

9 ABC Bonuses — $90,000,000 NR

Funds ABC bonuses for schools that met or exceeded expected growth in the 2005-06 school year.

10 Disadvantaged Student Supplemental Funding (DSSF) — $26,697,440 R

Provides additional supplemental funding to be distributed to all LEAs to support their efforts to serve students who are the most at risk of academic failure. Beginning in 2006-07, all DSSF funds will be distributed based on a formula that takes into account each LEA's relative need. The sixteen LEAs receiving DSSF funds in 2005-2006 will receive no less than the DSSF amount allotted in 2005-2006.

11 Evaluate Effectiveness of DSSF and Low Wealth — $500,000 NR

Provides additional funds to support comprehensive evaluation of: (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.

12 Director of High School Turnaround — $122,350 R

Provides funds to establish a permanent position to coordinate technical assistance to school districts with high schools identified as critically low performing (performance composite below 60%). 1.00

13 Learn and Earn Initiative — $8,232,388 R; $1,533,360 NR

Expands the Learn and Earn initiative into an additional 19 high schools (bringing the total to 34). Provides planning grants to 20 additional high schools.

14 Small Specialty High Schools — $3,805,970 R; $661,680 NR

Expands the small specialty high school initiative by creating 21 new small specialty schools-within-schools at 11 new sites (bringing the respective totals to 32 schools at 19 sites). Provides planning grants at 10 small schools that intend to design instruction around the following curricula: science, technology, engineering, and/or math (STEM). Provides $261,680 to support four months of principal salary for each planning site prior to becoming operational in the 2007-08 school year. Any implementation grants for STEM schools shall come from non-State sources.

15 Literacy Coaches — $4,767,400 R

Provides funds to support 100 school-based literacy coaches to be placed in 100 schools that contain an eighth grade. Coaches will provide research-based teaching practices and job-embedded professional development to assist teachers in the development of specialized curricula.

16 State Board of Education Operating Support — $50,000 NR

Provides additional funds to support operations of the expanded State Board of Education.

17 Virtual High School — $2,588,722 R; $189,132 NR; 7.00

Provides funds to support implementation of the NC Virtual Public Schools initiative. Funds provide for seven administrative and support positions, 22 three-month positions, and both one-time and ongoing operating support.

18 School Connectivity — $3,000,000 NR

Provides a reserve of funds to be used to upgrade public school connectivity as part of efforts to establish a comprehensive K-20 educational network. The State Board of Education, in collaboration with ITS, will determine through a competitive application process which LEAs will receive funding. Eligible uses of the funds include "last mile" connectivity and network infrastructure and security.

19 Senior Project Initiative — $500,000 NR

Provides funding to support the implementation of senior projects as part of the high school exit standards. These funds shall be used for training LEA staff and teachers to implement this graduation requirement which was approved by the State Board of Education in 2004.

20 Reserve for Fuel Costs — $16,361,485 NR

Provides funds to be used as needed in FY 2006-07 to support projected increased diesel fuel expenditures.

21 Salary Supplement Pilot for Math and Science Teachers — $515,115 R

Provides funds for a salary supplement pilot to be developed by the State Board of Education. Three pilot LEAs will receive funds to provide a salary supplement of $15,000 for up to 10 newly hired math and/or science teachers at the middle and/or high school level.

C. Expansion: Department of Public Instruction

22 Legacy System Migration and Upgrade — $2,000,000 NR

Provides a reserve of funds to be used to bring DPI's information technology applications into compliance with statewide architecture requirements. DPI must obtain approval from the State Chief Information Officer prior to the expenditure of funds for this project. Funds may be carried forward into FY 2007-08. Any unused funds will revert to the General Fund on June 30, 2008.

23 Network Tool Replacement — $375,850 NR

Provides funds to support the cost of migrating from a network tool not supported by ITS to a tool that is supported.

24 Information Technology Security Analyst — $40,000 R

0.50

Provides funds to support a half-time IT security analyst position. The analyst will assist in the development of a security program and the execution of the DPI security charter to ensure compliance with federal regulations and state law.

25 Business Continuity Planning Analyst — $42,500 R

0.50

Provides funds to support a half-time business continuity planning analyst position. The analyst will develop and perform business continuity planning and management to ensure that DPI is in compliance with state law.

26 Purchasing Agent — $58,220 R

1.00

Provides funds to support a Purchasing Agent II position. The agent will ensure accurate and efficient processing of all non-IT related service contracts requiring bids.

27 NC Wise Owl — $200,000 R

Provides funding to support increased cost of Statewide subscriptions to online library resources that are made available to all teachers and students.

28 Office of Charter Schools — $161,127 R

2.00

Provides funds to support one administrative assistant, one new education planning and development consultant, and general operations of the Office of Charter Schools.

29 Business Technology Applications Analyst

Provides $72,647 from federal receipts to support a business technology applications analyst. The analyst will serve exclusively on the Exceptional Children's project team.

D. Expansion: Pass-Through Funds

30 Communities in Schools — $750,000 NR

Provides additional funds to State-level non-profit program that supports local CIS programs' efforts to connect at-risk students and their families with resources that will help the students succeed in school.

31 NC Network

Provides additional funds to non-profit program that provides training to school-based management teams.

$100,000 NR

32 NC Humanities Council Teacher Institute Program

Provides funds to non-profit program focused on promoting teaching and learning that develops teachers' capacity to understand, empathize with, and relate to various cultures.

$100,000 NR

33 Teach for America

Provides additional funds to non-profit program that recruits recent college graduates in non-education majors to teach in hard-to-staff schools.

$200,000 NR

Budget Changes	**$13,436,920**	**R**
	$116,321,507	**NR**
Total Position Changes	12.00	
Revised Total Budget	**$6,709,565,524**	

UNC System

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$2,120,397,081**

Budget Changes

A. Base Budget Adjustments

34 Building Reserves Adjustment ($9,595,070) NR
-91.80

Adjusts the building reserves for operating costs of new buildings due to a change in their completion dates. However, this change in reserves grants additional one-time funds to campuses for supplies, equipment, and moving costs for buildings that opened in FY 05-06, but were inadvertently cut in the 2005 Session.

35 NC A&T Inflationary Increases $163,277 R

Restores inflationary increases for library book acquisition ($145,491) and utilities ($17,786) that were left out of the base budget submitted by the Governor in the 2005 Session.

36 NC School of Science and Math Textbook Increase $52,250 R

Increases the budget for textbooks for the North Carolina School of Science and Math. The school failed to request an increase in the 2005 Session that was sufficient to fund the increase in textbook prices.

B. Expansion

37 Enrollment Growth for UNC Campuses $78,993,129 R
575.00

Funds enrollment growth for undergraduate and graduate students in regular term and distance education programs. Enrollment is anticipated to grow by 7,110 full time equivalent (FTE) students in FY 06-07.

38 Enrollment Growth for NC School of Science and Math $240,000 R
3.75

Increases the enrollment at the North Carolina School of Science and Math by 12 students.

39 Need-Based Financial Aid $21,587,990 R

Increases need-based financial aid for an increase of 1,730 eligible students entering UNC institutions in the Fall of 2006. The increase will also help the 34,930 students now receiving financial aid with price increases in tuition, fees, room, board, books, and supplies.

40 Judicial College $750,000 R

Increases the operating funds for judicial training at the School of Government at UNC-Chapel Hill. The Judicial College was approved in the 2005 Session with an initial appropriation of $250,000.

41 ECSU Pharmacy Space — $43,000 NR

Pays the lease costs for six modular units that temporarily house the ECSU Pharmacy Program until a permanent facility is constructed.

42 Graduate Nurse Scholarship Program for Faculty Production — $1,200,000 R

Creates a graduate nurse scholarship loan program to provide $15,000 per year for up to two years for master's candidates in nursing education and up to three years for doctoral candidates. Each recipient is required to teach in a public nursing education program in North Carolina for each year they receive a scholarship loan or they must repay the loan.

43 New Bachelor of Science in Nursing Programs — $850,000 NR

Provides startup funds for new Bachelor of Science in Nursing programs at Fayetteville State University and UNC-Pembroke and a new RN to BSN program at Appalachian State University. FSU and UNCP will each receive $300,000 and ASU will receive $250,000.

44 Area Health Education Centers (AHEC) Expansion — $1,300,000 NR

Funds North Carolina Area Health Education Centers (AHEC) initiative to address health workforce shortages in Allied Health, Dentistry, Nursing, and Pharmacy. In Allied Health, adds new clinical teaching sites throughout the state with an emphasis on physical therapy, speech language pathology, and occupational therapy. Provides clinical training for PharmD students at ECSU. Supports rural training sites for dental students. Expands AHEC nursing grants program.

45 AHEC Program for Psychiatrist Recruitment — $1,000,000 R

Funds the North Carolina Area Health Education Centers (AHEC) Program to recruit psychiatrists to rural and underserved areas to provide community services. The program may include student loan repayment. A description of this item is also located in the Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services section of this report.

46 Translational Medicine Program - UNC-CH School of Medicine — $2,500,000 R

Expands the Translational Medicine Program at the UNC-Chapel Hill School of Medicine that was begun in FY 05-06 with $1 million. The program is designed to identify and train junior faculty members in translational research to speed the development of new drugs, therapeutic strategies, devices and/or diagnostics, and to train physicians to collaborate with research faculty to apply medical discoveries to patient care and patient observations in research programs to improve health care.

47 Perinatal Care Network — $75,000 NR

Provides funds for the UNC Center for Maternal and Infant Care, to develop an ongoing statewide network of providers and professionals to focus on clinical and health systems in perinatal care, to create a database, and implement quality improvement initiatives with the goal of reducing infant mortality and morbidity.

48 Kannapolis Research Campus — $5,000,000 R / $1,000,000 NR

Funds the first year cost of the University of North Carolina's involvement in the North Carolina Research Campus, located at the site of the old Cannon Mills headquarters in Kannapolis. The campus will be the centerpiece of a public-private partnership between the state of North Carolina and Mr. David Murdock and his companies, Dole Foods and Castle & Cooke.

49 NC A & T State University Matching Funds — $614,847 R

Increases the campus match of federal funds from 90% to 100% 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.

50 Biomanufacturing Research Institute and Technology Enterprise (BRITE) — $2,500,000 R

Provides operating support, curriculum development, and equipment for the BRITE program that will begin in Fall 2006 at NC Central University. Students and faculty will share space in the Mary M. Townes Science Building until the BRITE facility is completed.

51 Biomanufacturing Training and Education Center (BTEC) — $2,000,000 R

Provides operating support, curriculum development, and equipment for the BTEC program at NC State University. BTEC academic courses will begin in the summer of 2006 even though the BTEC facility will not be completed until 2007.

52 Statewide Program for Infection Control and Epidemiology (SPICE) — $500,000 NR

Provides operating support to the Statewide Program for Infection Control and Epidemiology (SPICE) at the UNC-Chapel Hill School of Medicine.

53 Institute of Medicine — $500,000 NR

Increases the Institute of Medicine's capacity to provide relevant health data and policy recommendations to the General Assembly and other state policy makers. Funding will enable the Institute to undertake two additional studies per year and to provide a rapid response for data analysis for state decision makers.

54 Family House at UNC Hospitals — $1,000,000 NR

Assists the effort to construct the Family House at UNC Hospitals. This two-story, 40 bedroom facility on Old Mason Farm Road in Chapel Hill will provide affordable housing to critically ill patients, their family members and caregivers when visiting UNC Hospitals for evaluation or treatment. Family House has raised $4.3 million of the $6.3 million construction cost and hope to open by mid 2007.

55 TEACCH — $448,349 NR

Appropriates funds to the TEACCH Program in the Department of Psychiatry at UNC-CH as follows: (1) $283,349 to increase the psychoeducational therapists' salaries and for additional fringe benefits; (2) $145,000 for TEACCH clinic rents and operations; and (3) $20,000 for the TEACCH DX and Medical Consultant Clinic.

56 Reserve for Utility and Fuel Costs — $8,252,127 NR

Creates a Utilities Reserve to compensate for shortfalls in university utility budgets caused by higher rates in electricity, natural gas, fuel oil, gasoline, and diesel fuel.

57 State Contractual Scholarship Fund Increase — $3,116,125 R

Increases the State Contractual Scholarship Fund from $1,150 per student in private colleges to $1,250. These funds are used for financially needy students.

58 LTG and SCSF Expansion — $1,500,000 R

Expands the Legislative Tuition Grant and the State Contractual Scholarship Fund to part-time students that are lateral entry teachers or are nurses seeking additional certification.

59 UNC-NCCCS 2+2 Joint E-Learning Initiative — $1,000,000 NR

Provides funds to continue the UNC-NCCCS 2+2 E-Learning Initiative which began in 2005-06. This funding will be used to continue to build online capacity, teacher education courses, and accessibility for students in 2+2 teacher education programs.

60 UNC-Chapel Hill DESTINY Traveling Science Lab — $388,530 NR

Provides funds for the DESTINY Traveling Science Lab program to support personnel and other costs associated with the program that will no longer be supported by grant funds.

61 Expand Prospective Teacher Scholarship Loan Program — $1,000,000 R

Provides funds for an additional 400 Prospective Teacher Scholarship Loans (PTSL). Priority for the additional awards shall be given to students seeking teacher licensure in middle and high school mathematics and science as well as students participating in a 2+2 teacher education program between the constituent institutions in the University of North Carolina and the NC Community College System.

62 North Carolina in the World Project — $200,000 NR

Provides funds to continue the NC in the World Project which began in FY 05-06. This project is an initiative of the NC Center for International Understanding and is focused on improving students knowledge and skills about the world.

63 Math and Science Education Network Pre-College Program Expansion — $670,000 NR

Provides additional funds for the NC Math and Science Education Network to expand the number of Pre-College Programs. These programs help prepare under-represented students to pursue college studies in math and science.

64 Hunt Institute — $500,000 NR

Provides additional operating support for the James B. Hunt, Jr. Institute for Educational Leadership and Policy in Chapel Hill. These funds will enable the Institute to sponsor a number of new initiatives focused on improving science and math instruction, encouraging extracurricular programs for students, and expanding the Institute's reach to vested interests in educational improvement such as mayors and chambers of commerce.

65 NC Teacher Academy Training of Literacy Coaches Provides funds to the NC Teacher Academy to train literacy coaches who will each be assigned to schools with an eighth grade to provide professional development in literacy skills. Funds shall be used to design, develop, and implement both face-to-face and online training for these coaches	$1,675,000 $225,000	R NR
Budget Changes	**$123,892,618** **$7,356,936**	**R** **NR**
Total Position Changes	486.95	
Revised Total Budget	**$2,251,646,635**	

Community Colleges

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$767,295,886**

Budget Changes

A. Access

66 Enrollment Growth — $7,040,090 R

Fully funds the community college enrollment request. Enrollment increased by 2,250 FTE, from 190,750 to 193,000, an increase of 1.18%.

67 Multi-Campus College Enrollment Growth — $601,171 R

Provides funds to accommodate enrollment growth at 12 multi-campus locations. Total supplemental funding for multi-campus colleges will be $10,916,638, distributed on a formula basis to 16 colleges for 23 sites.

68 Enrollment Growth Reserve — $2,000,000 NR

Provides funds for an Enrollment Growth Reserve to assist colleges that experience high growth in the Fall semester. Funds shall be distributed to colleges that realize an increase greater than 5% over the previous Fall semester.

69 Need Based Financial Aid for Teaching and Nursing — $500,000 NR

Provides funds for financially needy students enrolling in teacher prep or nursing programs. This program will be funded through the Lottery Scholarship program beginning in FY 07-08.

70 Community College Financial Aid Staff — $3,557,430 R

Provides one position in the base allotment for administration for additional financial aid staff at each college.

71 Associate Director of Financial Aid — $73,466 R; $4,150 NR; 1.00

Provides funding in the System Office budget for an Associate Director of Financial Aid to provide guidance, leadership, and training to assist college financial aid offices. The General Assembly encourages the State Board of Community Colleges to develop and implement a comprehensive financial aid professional development program for college financial aid staff.

B. Improving Instruction

72 Equipment — $10,000,000 NR

Provides additional funds for the purchase of instructional equipment at all 58 community colleges. Funds will be distributed in accordance with the existing equipment formula.

73 Director of Joint High School - Community College Programs — $83,950 R / $4,150 NR / 1.00

Provides funds in the System Office budget for the creation of a Statewide director of joint high school - community college programs, including Learn and Earn, Middle College, Huskins, and dual enrollment.

74 State Board Reserve Funds — $500,000 NR

Provides additional funding to the State Board Reserve to provide one-time grants to colleges starting new programs.

75 Faculty & Professional Staff Salaries

Funds are included in the Salary Reserve Section of this budget to provide a 6% permanent salary increase and a 2% bonus to community college faculty and professional staff.

C. Workforce Development

76 BioNetwork Capstone Center — $310,000 NR

Provides additional funds for specialized supplies needed at the BioNetwork Capstone Center.

77 Kannapolis Research Campus — $3,445,000 R

Funds the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis. Funds will be used for equipment, faculty and staff, building operations, and lease expense.

78 Regional Customized Training Directors — ($387,966) R

Directs the State Board to use funds appropriated for New and Expanded Industry Training to support the 5 existing Regional Customized Training Directors, and to add 2 new Training Directors: 1 to serve the Northeast Region and 1 to serve the Southeast Region.

79 NC REAL Enterprises — $250,000 NR

Provides funding for NC REAL. This program was formerly supported by the Worker Training Trust Fund.

80 NC Military Business Center — $1,000,000 NR

Provides funds for the continued operation of the NC Military Business Center (NCMBC), a program run by Fayetteville Tech in conjunction with Craven CC, Coastal Carolina, and Wayne CC, to foster Statewide business development originating from the five military bases in the State and to sustain MatchForce.com, the State's website for matching NC businesses with federal contract opportunities.

D. Technology

81 Course Management System & Learning Objects Repository — $2,000,000 R

Provides funds for an online teaching and learning platform for distance education.

82 Online Help Desk — $605,000 R / $20,000 R

Provides funds to establish an online help desk for students enrolled in distance education courses.

	FY 06-07	
83 NC Information Highway Expansion Provides $15,000 each to 8 colleges for the purchase of mobile ("rollabout") videoconferencing equipment.	$120,000	NR
E. Technical Adjustments		
84 Hospitalization Insurance Appropriates hospitalization insurance at the FY 06-07 rate.	$1,398,201	R
85 Tuition Receipts Adjustment Provides funds to replace under-realized tuition receipts.	$10,000,000	R
F. Receipt Supported Positions		
86 Business & Technology Applications Analyst Allows for the creation of a Business & Technology Applications Analyst position in the System Office, Administration Division to assist with Basic Skills needs, including federal literacy reporting requirements. The total requirement for this position is $85,713, to be funded entirely from Federal Adult Education Funds.		
Budget Changes	**$28,416,342** **$14,708,300**	R NR
Total Position Changes	2.00	
Revised Total Budget	**$810,420,528**	

HEALTH
&
HUMAN SERVICES
Section G

Health and Human Services

GENERAL FUND

Total Budget Approved 2005 Session	FY 06-07 $4,264,940,128	

Budget Changes

(1.0) Division of Medical Assistance

1 Revised Medicaid Forecast ($150,000,000) R

Reduces state appropriations for the Medicaid program based upon a revised forecast.

2 Ticket-To-Work Date Change ($150,000) R

Reduces funding for the Ticket-To-Work Program for FY 2006-07 because the implementation date has been changed to July 1, 2007.

3 Health Care Access Study $200,000 NR

Provides funding to support the development of a plan to expand health care access for uninsured North Carolinians through the use of public/private partnerships, federal flexibility and resources, and promotion of charity care by health care providers.

4 Provider Rate Study $100,000 NR

Provides funding to contract with independent consultants and financial experts to assist the Division in developing a proposal for an equitable standard to provide inflationary increases and other cost related increases to service providers in the Medicaid program.

(3.0) Division of Public Health

5 Eye Exams ($2,000,000) R

Eliminates funding for the Governor's Vision Care Program.

6 Early Intervention $7,103,147 R

Provides funding to expand the capacity of the Early Intervention program for children ages birth to three in response to the increase in the number of children referred for services. 197.00

7 School Nurse Funding $4,500,000 R

Provides recurring funding to support 65 school nurse positions previously supported on a time-limited basis by federal block grants. Also, provides funds to support an additional 25 new school nurse positions.

8 Universal Vaccine Program $6,526,095 R

Provides funding to expand coverage of the influenza and pertussis vaccines to all children ages two through five.

9 Health Disparities Initiative — $100,000 R

Provides non-recurring funding for grants-in-aid awarded through the Community-Focused Eliminating Health Disparities Initiative (CFEHDI). Also, provides recurring funds to support one position to manage the program. — $1,900,000 NR, 1.00

10 Dental Preventive Services — $390,000 NR

Provides funding for the fluoride mouth rinse program (FMR) targeted at schools with a high proportion of low income children who are high-risk for tooth decay.

11 Prevention of Pre-term Births — $150,000 NR

Provides funding to provide education to women on the benefits of progesterone for those who have had preterm births and to purchase medication for eligible minority and low-income women.

12 Antiviral Purchase for Pandemic Flu — $190,000 NR

Provides funding for the state match for federal funds to purchase and store 10,000 courses of influenza antiviral medication for the state's first responders.

13 Private Well Water Safety Program — $226,000 NR, 3.00

Provides funding for equipment and supplies required to test the anticipated additional private well water samples due to increased enforcement of well construction standards. Authorizes three positions to be supported through fee receipts.

(4.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

14 ADATC — $5,191,815 R, 159.00

Provides funding for personnel and operating support associated with the expansion of acute units at each of the State's three alcohol drug abuse treatment centers (ADATC).

15 Developmental Therapies for DD — $29,435,119 R

Provides funding for a state-funded service to replace services lost due to changes in federal policy and cuts in federal support.

16 Mental Health Services — $8,000,000 R

Provides funding for mental health services to be distributed to the Lead Management Entities (LMEs) on a per capita basis.

17 Substance Abuse Services — $8,000,000 R

Provides funding for substance abuse services to be distributed to the LMEs on a per capita basis.

18 Housing Trust Fund - 400 Apartment Housing Initiative

Provides $11,250,000 in non-recurring funding to the North Carolina Housing Trust Fund for a 400 independent- and supportive-living apartment initiative recommended by the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services. These funds are for the financing of the portion of the 400 apartments not able to be financed within the existing means of the North Carolina Housing Finance Agency. Operating assistance for the 400 apartments will be provided from the funds in the next item. The apartments shall be for individuals with disabilities and shall be affordable to those with incomes at the Supplemental Security Income (SSI) level.

The funds for this item are located in the Housing Finance Agency section of this report.

19 Operating Cost Subsidy - 400 Apartment Initiative $1,205,000 R

Provides recurring operating cost subsidy for 400 independent- and supportive-living apartments for individuals with disabilities financed by the North Carolina Housing Finance Agency as described in the previous item. The apartments shall be affordable to those with incomes at the Supplemental Security Income (SSI) level.

20 Supportive Services for HUD 811 Projects $713,000 R
$370,000 NR

Provides funding for on-going operations and start-up expenses to support 12 group home beds and 93 apartments financed through the United States Department of Housing and Urban Development.

21 Mental Health Trust Fund

Provides $5,000,000 non-recurring for the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs to be used in accordance with G.S. 143-15.3D. In addition to this direct appropriation from the General Fund, a portion of the excise tax on alcohol will be redirected from the General Fund to the Trust Fund on a permanent basis. A total of $9.39 million is anticipated to be deposited in the Trust Fund from the alcohol excise tax for the 2006-07 fiscal year.

The funds for this item are located in the Statewide Reserves section of this report.

22 Funding to The North Carolina AHEC Program for Psychiatrist Recruitment

Provides $1,000,000 to the North Carolina Area Health Education Centers Program to recruit psychiatrists to rural and underserved areas to provide community services. The program may include student loan repayment.

The funds for this item are located in the UNC System section of this report.

23 Start-Up Funding for Crisis Services $5,250,000 NR

Provides funding for start-up costs for crisis services to be used by LMEs to establish a continuum of regional crisis facilities and local crisis services for persons with mental illness, developmental disabilities, and substance abuse addictions.

24 State Service Dollars for Crisis Services $9,000,000 R

Provides funding for crisis services to be allocated to LMEs on a per capita basis. LMEs may use these funds to pay for mental health, developmental disabilities, or substance abuse crisis services provided to non-Medicaid eligible adults and children who are indigent and have no other third-party payment source.

25 Per Capita Funding for Psychiatrist Access $9,000,000 R

Provides funding to be allocated to the LMEs on a per capita basis to ensure access to core psychiatrist services.

26 Consultants to Aid the Division and LMEs $1,125,000 NR

Provides funding for consultants to aid the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and the LMEs with planning for crisis services, strategic planning, developing performance indicators, standardization, and capacity-building.

27 Strategic LME Team $300,000 R

Provides funding to be used for three positions to create a Local Management Entity (LME) Strategic Assistance Team. The Team shall assist LMEs develop, implement, and maintaining their statutory responsibilities. 3.00

(7.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing

28 Accessible Electronic Information for Blind and Disabled Persons $75,000 NR

Provides funding to continue accessible electronic information services for blind and disabled persons.

(8.0) Division of Child Development

29 Child Care Subsidy $20,000,000 R

Provides funding to maintain existing caseload, implement 25% of the 2005 market rates for 3 to 5 star facilities, and remove children from the waiting list.

30 Smart Start $14,000,000 R

Provides funding for local Smart Start initiatives, including subsidized child care.

31 Improve Regulatory Oversight $453,222 R
$12,291 NR
10.00

Provides funding to create 10 positions in the Division of Child Development's Licensing Unit. Additional staff will reduce caseloads and allow for more frequent monitoring visits.

32 T.E.A.C.H. Program — $1,000,000 NR

Provides funding to the North Carolina T.E.A.C.H. Early Childhood® Project.

(9.0) Division of Education Services

33 Early Intervention Teachers for the Deaf and Hard of Hearing — $293,493 R

Provides funding to create eight additional teaching positions in the Early Intervention Program for Children who are Deaf or Hard of Hearing Program. — 8.00

34 Early Intervention Teachers for the Blind and Visually Impaired — $233,533 R

Provides funding for five additional teaching positions and one Orientation and Mobility Specialist at the Governor Morehead School for the Blind's Preschool. — 6.00

35 Language Interpreters — $121,771 R

Provides funding to create one language interpreter position at the North Carolina School for the Deaf in Morganton, one language interpreter position at the Governor Morehead School in Raleigh, and two language interpreter positions in the Early Intervention Program for Deaf and Hard of Hearing. — 4.00

36 Dormitory Supervisors at North Carolina School for the Deaf in Morganton — $39,730 R

Provides funding to create two additional Residential Life Attendants for the North Carolina School for the Deaf in Morganton. — 2.00

37 Housekeeper at North Carolina School for the Deaf in Morganton — $20,358 R

Provides funding to create one additional housekeeping staff at the North Carolina School for the Deaf in Morganton's. — 1.00

38 Behavior Specialists for Eastern North Carolina School for the Deaf — $45,663 R

Provides funding for two additional Behavior Programming Technicians at the Eastern North Carolina School for the Deaf for the Positive Behavior Support Program. — 2.00

39 Telemedicine for Children in Residential Schools — $24,000 R; $50,000 NR

Provides funding to implement telemedicine programs at the Western North Carolina School for the Deaf in Morganton and the Governor Morehead School for the Blind in Raleigh.

(10.0) Division of Social Services

40 Foster Care and Adoption Assistance Payments — $10,206,898 R

Provides funding to support the increased cost of the Foster Care and Adoption Assistance Programs.

41 Federal Budget Impact on Foster Care Services — $2,040,755 R

Provides funding to support the projected cost of additional foster care maintenance payments to be made to people caring for their relatives' children who choose to become licensed.

42 Paternity Testing for Child Support Enforcement $151,500 R
Provides funding to support the loss of federal funds for paternity testing expenses.

43 Food Banks $400,000 NR
Provides funding to be equally distributed to the regional network of food banks in North Carolina.

(11.0) Division of Aging and Adult Services

44 Home and Community Care Block Grant $3,000,000 R
Provides funding for the Home and Community Care Block Grant Program.

(12.0) Office of the Secretary

45 Transfer More At Four Program to DPI ($66,646,653) R
Transfers funding for the More At Four program to the Department of Public Instruction.

46 Utility and Fuel Cost Reserve $1,271,533 NR
Provides funding to support the increased cost of utility services and fuel for state institutions operated by the Department of Health and Human Services.

47 MMIS Implementation
Transfers funding from the G.S 1423-23.2 reserve to continue to fund the state share of implementing the new Medicaid Management System (MMIS).

Total Requirements	$5,004,504
Transfer From Medicaid Reserve Fund	($5,004,504)
State Appropriation	0

48 Public Awareness of Safe Surrender of Infants Campaign $100,000 NR
Provides funding to inform the public of the Safe Surrender Act (S.L.2001-291).

Budget Changes	**($79,091,554)**	R
	$12,809,824	NR
Total Position Changes	396.00	
Revised Total Budget	**$4,198,658,398**	

NATURAL & ECONOMIC RESOURCES

Section H

Agriculture and Consumer Services

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$51,032,884**

Budget Changes

Administration

1 Human Resources — $97,382 R

Provide funding for one (1.0) Personnel Technician position in Human Resources. — 1.00

2 Public Affairs - Agricultural Review — $40,000 R

Provide increased funding for the Agricultural Review to address rising operational costs.

Emergency Programs

3 Emergency Preparedness - Staffing Support — $337,000 R

Provide General Fund appropriation for four (4.0) positions: — 4.00

Veterinarian	1.0
Animal Health Technician II	1.0
Application Analyst II	2.0

4 Emergency Preparedness - Operating Expenses — $300,000 R

Provide additional funding for operating expenses associated with the Multi-Hazard Threat Database.

Food and Drug

5 Emergency Preparedness - Food Safety — $538,257 R

Provide funding for eleven (11.0) positions to address staffing shortages in food protection, compliance and regulations: — 11.00

Chemist II	2.0
Ag Microbiologist II	2.0
Food Compliance Officer I	1.0
Food Regulatory Specialist I	6.0

6 Emergency Preparedness - Replace Distillation System

Provide funding for the replacement of the water distillation system at Constable Laboratory. — $100,000 NR

7 Emergency Preparedness - Purchase/Replace Lab Equipment

Provide funding for the purchase and replacement of lab equipment. — $500,000 NR

8 Pesticide Staffing Support — $194,429 R

Provide three (3.0) additional positions to the Pesticide Section: — $6,149 NR, 3.00

Environmental Toxicologist	1.0
Bilingual Pesticide Specialist	1.0
Pesticide Environmental Investigative Specialist	1.0

Markets

9 Domestic Marketing — $40,000 R

Provide additional funding for the "Got to be NC" agriculture marketing initiative. Also provides one (1.0) Agricultural Marketing Specialist position. — $240,300 NR, 1.00

Meat and Poultry

10 Emergency Preparedness - Food Safety and Security Mandates — $163,000 R

Provide funding for 50 percent of six (6.0) meat inspector positions to match US Department of Agriculture funding. — 6.00

Plant Industry

11 Export Certification Program — $145,310 R

Provide funding to establish two (2.0) Export Certification positions required to respond to the increased demand for issuance of phytosanitary certificates in North Carolina. — 2.00

Export Certification Specialist	2.0

12 Reduce Unrealized Fertilizer Receipts

Replace a portion of unrealized fertilizer receipts. — $100,000 NR

Research Stations

13 Replace Unrealized Research Station Receipts

Replace unrealized Research Stations receipts with a General Fund appropriation. — $350,000 NR

Reserves and Special Funds

14 Reserve for Utility and Fuel Costs

Establish a reserve to help offset the increased cost of natural gas and propane, fuel oil and gasoline expenses. — $317,516 NR

Standards

15 Standards Inspectors — $36,746 R

Provide funding for two (2.0) additional Standards Inspectors to be assigned to inspect retail motor fuel dispensers and retail weights and measures devices. — $23,000 NR, 2.00

Veterinary Services

16 Emergency Preparedness - Director of Laboratory Operations position Establish one (1.0) Director of Laboratory Operations position.	$147,172 1.00	R
Budget Changes	**$2,039,296** **$1,636,965**	R NR
Total Position Changes	31.00	
Revised Total Budget	**$54,709,145**	

Labor

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$14,434,925**

Budget Changes

Administration

17 Fund Travel and Office Space — $213,894 R

Provide funds for field staff to travel and for existing field office space.

Elevator and Amusement Device Bureau

18 Establish Receipt-Supported Positions

Establish two (2.0) receipt-supported positions to inspect elevators and amusement devices.

Elevator Inspectors 2.0 $111,696

Labor Standards and Inspections

19 Replace Appropriations for Mine and Quarry Program — $200,000 R

Provide funds to offset unrealized safety training fee receipts. Restore 3.5 positions. — 3.50

Occupational Safety and Health

20 Fund Operating

Fund various operating line items in Occupational Safety and Health. — $200,000 NR

Budget Changes	**$413,894**	R
	$200,000	NR
Total Position Changes	3.50	
Revised Total Budget	**$15,048,819**	

Environment & Natural Resources

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$168,451,089**

Budget Changes

(2.0) Coastal Management

21 Create New Coastal Habitat Protection Compliance Positions $249,757 R

Provide funds to establish four (4.0) Compliance Coordinator positions, one in each Division of Coastal Management district to provide compliance and enforcement services: $27,770 NR, 4.00

Environmental Specialist III 4.0

(2.0) Environmental Health

22 Fund Private Well Water Safety Program $271,079 R

Provide funds for technical support and enforcement assistance to counties as they enforce statewide private water supply well construction standards. Provide funds for five (5.0) new positions: $827,550 NR, 5.00

Environmental Health Regional Specialist 4.0
Administrative Assistant I 1.0

(2.0) Land Resources

23 Restore Contractual Services

Restore funding for contractual services for a county boundary program eliminated in FY 05/06. $50,000 NR

(3.0) Aquariums

24 Fund Operating $2,500,000 R

Provide funds for the operations of the aquariums.

(3.0) Marine Fisheries

25 Coastal Recreational Fishing License Implementation $327,000 R

Provide two (2.0) positions and operating support for the development and operations of the licensing system associated with the Coastal Recreational Fishing License: $48,000 NR, 2.00

Process Analyst IV 1.0
Bus Tech Applications Analyst 1.0

26 Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs — $331,651 R

Provide five (5.0) additional positions and operating expenses to enable the Marine Fisheries Division to map shellfish resources and habitat as recommended by the Coastal Habitat Protection Plan: — $87,048 NR, 5.00

Computing Consultant I	1.0
Marine Fisheries Technician II	4.0

(3.0) Soil and Water Conservation

27 NC Agricultural Cost Share Technical Assistance — $333,778 R

Provide additional support for cost-shared funds to soil and water conservation districts and counties for technical assistance needed to install quality Best Management Practices through the Agriculture Cost Share Program.

28 NC Agriculture Cost Share Financial Assistance — $400,000 R

Provide additional funding to the Agriculture Cost Share Program to assist 100 additional producers per year to install Best Management Practices to improve water quality.

29 Extend Conservation Resource Enhancement Program (CREP) — $1,000,000 R, 3.00

Provide additional funding to the CREP program to expand into additional watersheds in need of riparian buffers and restored wetlands.

30 Soil and Water Conservation District Supervisor Travel — $25,000 R

Provide funding for travel reimbursement for Soil and Water Conservation District Supervisors.

(4.0) Reserves and Transfers

31 Fund Utility and Fuel Costs — $1,280,752 NR

Provide funds for rising fuel and utility costs throughout the Department of Environment and Natural Resources.

32 Increase Grassroots Science Program Funding — $665,940 NR

Increase funding for the Grassroots Science Program.

33 Clean Water SRF Match Funds — $3,160,852 NR

Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Clean Water State Revolving Fund.

34 Drinking Water SRF Match Funds — $2,909,820 NR

Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Drinking Water State Revolving Fund.

35 Forest Development Program (FDP) — $400,000 NR

Provide additional funding to reduce the current waiting list of landowner applicants for cost share assistance to reforest land.

Budget Changes	**$5,438,265**	**R**
	$9,457,732	**NR**
Total Position Changes	19.00	
Revised Total Budget	**$183,347,086**	

Commerce

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$36,728,265**

Budget Changes

Administrative Services

36 Establish Position to Monitor Non-Profits — $150,000 R

Establish one (1.0) Auditor II position and provide operating funds to monitor all non-state entities receiving funds through the Department of Commerce. — 1.00

Board of Science and Technology

37 One North Carolina Small Business Fund

Provide funds for the Federal Small Business Innovation Research/Small Business Technology Transfer Research matching program. The program provides incentive funds to small businesses to apply for federal innovation grants. — $5,000,000 NR

Finance Center

38 One North Carolina Fund

Provide funds for the One North Carolina Fund for FY 06/07. — $10,000,000 NR

Industrial Commission

39 Replace Electronic Document System

Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) to fund the new system. — $1,500,000 NR

Total Requirements:	$3,600,000
Less Anticipated Receipts:	($2,100,000)
State Funds Required:	$1,500,000

Information Services

40 Web Applications Development & Maintenance — $70,819 R

Establish one (1.0) Application Analyst position to develop and maintain a web site for the department. — $5,000 NR; 1.00

Local Planning and Management

41 Expand Small Towns Main Street Program — $71,965 R

Establish one (1.0) Community Development Planner position to serve the western part of the state. Program activities in the eastern region are funded by a Z. Smith Reynolds grant. — 1.00

42 Expand 21st Century Communities Program — $274,699 R

Establish three (3.0) Community Development Planner III positions and provide operating funds to expand the program to 5 new communities. — 3.00

Marketing

43 Promote N.C. as a Business Destination — $1,000,000 NR

Provide funds for advertising in business publications, public relations outreach, marketing materials, national and international industry trade shows, and conference participation.

44 Furniture Market Advertising — $1,750,000 NR

Provide funds to the High Point International Home Furnishings Market Authority Corporation to promote the International Home Furnishings Market.

Policy and Research

45 Provide Additional Staff — $300,000 R

Provide funds for four (4.0) positions for the Division to expand research and planning for economic development. — 4.00

Economist III	1.0
Policy Development Analyst II	1.0
Business and Technical Application Tech.	2.0

Tourism, Film and Sports Development

46 Promote Motor Sports — $100,000 NR

Provide funds to promote motor sports.

Budget Changes	**$867,483**	R
	$19,355,000	NR
Total Position Changes	10.00	
Revised Total Budget	**$56,950,748**	

Commerce - State Aid

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$11,722,085**
Budget Changes	
e-NC Authority	
47 Transfer the e-NC Authority	$500,000 R
Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget.	
Budget Changes	**$500,000 R**
Total Position Changes	
Revised Total Budget	**$12,222,085**

N.C. Biotechnology Center

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$10,583,395**	
Budget Changes		
48 Increase Funding for Biotechnology Center Provide funds for the Biotechnology Center.	$1,500,000 $2,000,000	R NR
49 Regional Offices Provide funds to support the Biotechnology Center's regional offices.	$500,000	R
Budget Changes	**$2,000,000** **$2,000,000**	**R** **NR**
Total Position Changes		
Revised Total Budget	**$14,583,395**	

Rural Economic Development Center

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$25,052,607**
Budget Changes	
Rural Center	
50 Transfer the e-NC Authority	($500,000) R
Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget. In S.L. 2005-276 the Rural Center was appropriated $20 million recurring, with $500,000 allocated to the e-NC Authority.	
Budget Changes	**($500,000) R**
Total Position Changes	
Revised Total Budget	**$24,552,607**

JUSTICE
&
PUBLIC SAFETY
Section I

Judicial

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$345,760,410

Budget Changes

1 Increase Pass-through to Dispute Settlement Center $529,545 R

Appropriates $529,545 to 24 dispute settlement centers across the state. These funds restore past-year cuts to this funding area. The funding will be allocated to the programs as follows

Cabarrus -- $11,000
Charlotte/Mecklenburg -- $75,000
Duplin -- $8,090
Deep River -- $23,023
Cape Fear -- $14,755
Morganton -- $25,380
Cumberland -- $5,000
Henderson -- $24,968
Moore -- 15,369
Asheville -- $55,750
Eastern Carolina -- $11,677
Southern Piedmont -- $25,000
Forsyth -- $12,000
Guilford -- $15,000
Rockingham -- $15,169
Mountain -- $25,324
Orange -- $14,899
Transylvania -- $27,869
Sandhills -- $9,240
Durham -- $6,000
Blue Ridge -- $30,000
Carolina Dispute -- $12,000
Piedmont -- $50,000
Foothills -- $17,032

Administration

2 Technology Initiatives — $5,500,000 R; $1,900,000 NR

Provides a mix of recurring and non-recurring money for critical technology projects with the AOC, as follows:

1) rewrite of obsolete processing systems for clerks and district attorney/public defender cases, including required data cleanup to implement a statewide warrant repository (NCAWARE);

2) new initiatives related to court, civil eFiling, electronic payments, and electronic traffic court;

3) maintenance and enhancement of existing applications including eCitation and Casewise/Jwise.

3 Innocence Claim Review Commission — $320,268 R; $50,579 NR; 3.00

Establishes staff for the Innocence Claim Review Commission, pending passage of House Bill 1323.

Appellate

4 Justice Building Renovation — $32,000 R; $480,000 NR

Renovations to the Justice Building are scheduled to continue into fiscal year 2006-07, but funds for the temporary relocation of staff are only budgeted for fiscal year 2005-06. Additionally, recurring funds for office leases will be required while the Ruffin Building, housing the Court of Appeals, is renovated.

5 New Court of Appeals Positions — $108,990 R; $14,467 NR; 2.00

Appropriates funding for one new Staff Attorney I and one new Appellate Clerk I to address increases in appellate workload and to expedite parental termination of rights cases. These positions have been annualized for a July 1, 2006, effective date.

District Attorneys

6 New Prosecutors and Support Staff — $3,820,851 R; $416,124 NR; 99.00

Provides funding for 90 new Assistant District Attorneys and 9 Victim Witness Legal Assistants. The Assistant District Attorney positions will be allocated based on the workload formula adopted by the Conference of District Attorneys. These positions will be effective January 1, 2007.

7 Open File Discovery Project — $3,000,000 NR

Due to recent legislation requiring open discovery in criminal cases, there is need for an evidence tracking automated system that will register the articles of evidence, track their use, and verify that the articles have been disclosed to the appropriate parties as required by law. The Conference of District Attorneys recommended providing $1.7 million R and $1.3 million NR for this purpose. The Committee recommends providing $3 million NR for the proposal.

Equipment and Other Reserves

8 Critical Equipment Needs — $2,500,000 R / $3,800,000 NR

Provides nonrecurring funds to replace essential technology and office equipment that is six years or older. Nonrecurring funds are also recommended for the replacement of audio machines in District Court, and for telephone systems that are ten years or older. In addition, recurring funds are recommended for the continued replacement of outdated equipment and systems.

9 Equipment for New Courthouses — $110,000 NR

Appropriates funds for new telephone systems and LAN equipment in the new courthouses located in Clay and Harnett Counties.

Trial Courts

10 New District Court Judge Positions — $1,046,000 R / $178,304 NR / 16.00

Provides funding for sixteen new District Court Judges in the following districts based on the AOC workload formula and consultation with the Conference of Chief District Court Judges:

3A -- Pitt
3B -- Craven, Carteret, Pamlico
6A -- Halifax
10 -- Wake (2 positions)
14 -- Durham
15B-- Orange, Chatham
18 -- Guilford
19B-- Moore, Montgomery, Randolph
19C-- Rowan
25 -- Burke, Caldwell, Catawba
26 -- Mecklenburg
27A-- Gaston
27B-- Cleveland, Lincoln
28 -- Buncombe
30 -- Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain

These positions are effective January 15, 2007.

11 New Deputy Clerk Positions — $1,323,900 R / $184,350 NR / 75.00

Additional deputy clerks are needed to address significant increases in certain types of cases such as foreclosures and estate cases. The positions will be assigned by the Director of the Administrative Office of the Courts. These positions will be effective on January 1, 2007.

12 New Magistrate Positions — $240,978 R / $24,984 NR / 6.00

Appropriates funding for six new magistrates. These positions are needed to meet the magistrate staffing levels set forth in GS 7A-133. These positions have been annualized for a July 1, 2006, start date.

These magistrates will be assigned in the following counties: Carteret, Greene, Alamance, Robeson, Montgomery, and Gaston.

13 New Guardian ad Litem Program Staff — $743,130 R; $37,231 NR; 13.00

Provides funding for thirteen new Guardian ad Litem staff positions to address significant increases in caseloads. These positions will include program supervisors, program assistants, volunteer recruitment and retention specialists, and administrative specialists.

14 New District Court Judicial Support Staff — $200,845 R; $19,080 NR; 5.00

Provides funding for five new District Court Judicial support staff positions (Judicial Assistant I). These positions are needed to support the recently established judgeships, expansion of family mediation, and other arbitration and mediation efforts. These positions have been annualized for a July 1, 2006, start date.

15 Expansion of Custody Mediation Program — $558,074 R; $38,912 NR; 7.75

Appropriates funding to expand the Custody Mediation Program into the final remaining Judicial Districts, as required by GS 7A-494(a). This expansion will require the establishment of 7.75 new support staff. These positions have been annualized for a July 1, 2006, effective date.

16 Recurring Funds for Family Court Program — $300,400 R; $8,372 NR; 4.00

Provides funding to make the Wake Family Court permanent and to establish two new Family Court Case Coordinator positions in Cumberland and Mecklenburg Counties to meet rising caseloads.

17 Expansion of Drug Treatment Court — $238,092 R; $17,562 NR; 3.00

Appropriates additional recurring funds for statewide Drug Treatment Court operations ($49,992), as well as for three Drug Treatment Court case coordinator positions to replace federal funding that is expiring.

18 Interpreter Fee Payments — $775,000 NR

Fully funds interpreter fee payment line item. The current budget for interpreter fees is insufficient to support the total expenditures for this service, which must be provided as required by statute. This expansion is provided on a nonrecurring basis for this fiscal year.

19 Pilot for Self-Serve Centers — $200,000 NR

Appropriates nonrecurring funds for a pilot implementation of self-serve centers in four courthouses in the state. AOC will select the four sites, which will provide access to legal forms and other resources for pro se litigants.

20 Business Court Expansion — $236,206 R; $11,015 NR; 2.00

Provides funds for a Business Court site in Wake County.

21 Eliminate Reserve for HB 1048 — ($1,869,834) R

Eliminates the $1.8 million reserve established in SB 622 for judicial and prosecutorial staff pending the passage of House Bill 1048, Governor's DWI Recommendations.

Budget Changes	**$15,829,445**	**R**
	$11,265,980	**NR**
Total Position Changes	235.75	
Revised Total Budget	**$372,855,835**	

Judicial - Indigent Defense

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$88,648,414**	
Budget Changes		
Indigent Persons Attorney Fee Fund		
22 Attorney Fee Payments for Indigent Defense Nonrecurring funds are recommended for unpaid attorney fee applications from fiscal year 2005-06 that need to be carried over to fiscal year 2006-07 due to a funding shortfall.	$4,500,000	NR
23 Hourly Rate for Private Assigned Counsel Provides funding to increase the hourly rate for private assigned counsel in capital cases to $95 at the trial, appellate, and post-conviction levels. The current rate is $85, which was set in 1993.	$1,591,162	R
24 NC Prisoner Legal Services, Inc. Contract Appropriates funding for inflationary increases for the contract with Prisoner Legal Services, Inc.(PLS). Current operating costs for this contract are higher than the total contract amount, creating an operating shortfall for PLS.	$122,438	NR
25 Establish Audit Function Establish an Auditor II position within the Office of Indigent Defense Services to analyze fee applications and effect cost savings by preventing over billing.	$66,029 $3,500 1.00	R NR
Sentencing Services		
26 Restore Sentencing Services Appropriates $1.2 million to partially restore a funding cut in the 2005-06 budget to the Sentencing Services Program, which provides assessment services to pre-sentenced offenders.	$1,200,000	R
Budget Changes	**$2,857,191** **$4,625,938**	R NR
Total Position Changes	1.00	
Revised Total Budget	**$96,131,543**	

Justice

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$78,697,271**

Budget Changes

CJTSD

27 In-Service LEO Training — $300,000 NR

Funding is provided to the Criminal Justice Training and Standards Division to develop a new online training and registration system. The system will support Division efforts to provide training and certification services to the state's 29,000 law enforcement officers, 7,000 detention officers, and all 911 operators.

Law Enforcement

28 SBI Staff Expansion — $763,670 R; $400,896 NR; 12.00

Funding is provided for 12 investigative and forensic analysis positions, including 4 sworn and 8 non-sworn as follows:

3 SBI Field Agents (Sworn)
1 Computer Crime Agent (Sworn)
2 Drug Chemists (non-sworn)
2 Drug Chemists Tech (non-sworn)
2 Forensic Computer Analyst (non-sworn)
2 Molecular Geneticists (non-sworn)

29 SAFIS Replacement — $72,180 R; $1,891,588 NR; 1.00

Provide funding to replace state and local equipment for the Statewide Automated Fingerprint Identification System. In addition, funding is provided for one position: Application Development Supervisor

30 SBI Lab Expansion — $650,000 NR

Funding is provided to purchase two diesel generators and cubicle furniture to accommodate personnel relocating from Blount Street to the SBI campus. In addition, $50,000 is provided to install the diesel generators which have already been purchased for the Larry T. Justus Western Justice Academy.

31 Business Recovery Site — $353,676 R

Funds are provided for a business recovery site to house the backup computer center being relocated from the Blount Street site. Funding is also provided for telecommunication charges and IT services charges.

Legal Services

32 Attorney Positions Funding is provided for three positions for the Appellate and Law Enforcement Liaison Sections: Attorney II(2 positions) Attorney III	$238,757 $13,200 3.00	R NR
33 Sex Offender Registry Upgrade Funding is provided to use contractual services to upgrade the state's Sex Offender Registry to include GIS mapping of offenders and public email notification capabilities.	$200,000	NR
34 Tort Claims Positions Funding is provided for two positions to handle the increased demand for tort claims processing services: Tort Claims Adjuster Attorney I	$145,572 $8,800 2.00	R NR
35 Receipt-Supported Attorney Positions Establish one receipt-supported Attorney III position, at an annual salary of $89,739 plus benefits, to provide legal services for the Department of Cultural Resources. This position will be supported by receipts from the Department of Cultural Resources.		
Budget Changes	**$1,573,855** **$3,464,484**	R NR
Total Position Changes	18.00	
Revised Total Budget	**$83,735,610**	

Juvenile Justice & Delinquency Prevention

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$138,873,166**

Budget Changes

Department Management

36 Positions for Administrative Division — $115,080 R
Funding is provided to establish two new positions to improve operations within the Department's Administration Division: — $7,000 NR, 2.00

Auditor II (PG75)
Purchasing Agent II (PG68)

37 Reserve for Utility and Fuel Costs — $251,826 NR
Non-recurring funds are provided to address increasing utility and fuel costs from prior year hurricanes and other recent events.

Department Wide

38 Textbook Purchases — $50,000 R
Funds are provided to purchase additional textbooks for juveniles committed to DJJDP detention centers and youth development centers. This will increase budget to approximately $78,000.

Special Initiatives

39 Eckerd Wilderness Camps Contract — $1,351,500 R
Funds are provided to increase the rate for the existing 326 contracted beds from $110.41/day to $135.32/day. The adjusted rate is equivalent to Eckerd's current-year, actual operating cost for the seven NC camps.

Youth Development Centers

40 Operating Reserve & Positions for New Beds	$652,273	R
Funds are provided to establish an operating reserve for the five new youth development centers scheduled to open between September and December 2007. Included in the reserve are funds for 59 new positions, as well as funds for training and educational assistance for the new positions and existing positions. Funding for training and educational assistance is reduced from $315,700 as recommended to $270,000; the $270,000 is funded $170,000 recurring and $100,000 non-recurring. The changes are designed to account for the fact that a portion of the 421 positions designated to receive these funds have already received training and/or educational assistance. Also, the requested amount in salary and benefits is reduced by $84,000; these funds were intended for salary adjustment and not to establish new positions.	$100,000	NR
	59.00	

Budget Changes	**$2,168,853**	R
	$358,826	NR
Total Position Changes	61.00	
Revised Total Budget	**$141,400,845**	

Correction

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$1,048,492,502**

Budget Changes

Alcohol and Chemical Dependency

41 Clinical Substance Abuse Supervisor Positions — $121,957 R; $9,021 NR; 2.00

Legislation passed in 2005 mandates new certification and supervision standards for substance abuse treatment professionals. Supervision standards are one hour of clinical supervision for each 10 hours of counseling for first 300 hours of treatment counseling and then one hour for every 40 hours thereafter. Adding two supervisors will allow DOC to meet these standards and account for the need for supervision at 22 locations statewide.

42 Residential Treatment Programs — $930,122 R; 25.00

DOC has been using long term federal grant funds since the mid-1990's to fund long term residential treatment for inmates. These funds are being phased out and will be eliminated by 2007-08. 246 beds are currently used to provide 6 to 12 month residential treatment for inmates with serious substance abuse histories. There is enough federal funding to continue to operate programs and 66 beds at Rowan and Western Youth Correctional Centers for 2006-07. The recommended funding is to continue programs at NCCIW (Women's Prison--34 beds) and Morrison Correctional Center (146 beds).

43 DART Cherry Substance Abuse Positions — $166,745 R; $22,365 NR; 5.00

DOC operates 300 residential beds to provide substance abuse treatment for probationers and parolees (primarily DWI) at DART Cherry. Five Substance Abuse Worker positions are recommended to provide improved supervision, especially on evening shifts.

Community Corrections

44 Sex Offender Monitoring — $1,626,448 R; $80,770 NR; 7.00

Funding is provided to implement active and passive Global Positioning Systems (GPS) to monitor the most serious convicted sex offenders while under probation, parole or post release supervision (up to 300). Funding is also provided to continue GPS monitoring of the highest risk sex offenders (75 to 125 offenders) upon completion of parole, probation, and post-release supervision.

45 Fund Pretrial Services — $400,000 R

Provides $400,000 R to replace funds lost for pretrial services when the Partnership formula was realigned in 2005. These funds are primarily to restore funding to programs that have lost or will lose state funds and the funding is not replaced by their counties. Funding can also be used to start new programs.

46 Restore CJPP — $1,000,000 R

Restores $1 million to the Partnership program for cuts taken in previous years.

Department Management

47 Medical Claims Management — $44,463 R; $4,583 NR; 1.00

DOC is increasing its efforts to monitor medical claims from outside providers. This action will establish one additional professional staff (Medical Reimbursement Officer I) to supervise the medical claims review process and to help with the integration of the medical claims system with the NCAS State accounting system.

48 Information Technology Security — $85,533 R; $4,583 NR; 1.00

The 2004 Statewide Security Assessment recommended that DOC improve computer security and establish an IT Security Office. DOC currently has only one position devoted to IT Security. In 2005, DOC requested two positions and security software funding but only the software was funded. Funding is provided for a IT Security Manager

49 Reserve for Energy Costs — $9,610,759 NR

For 2005-06, DOC energy costs exceeded the budget by over $9.6 million. Primary cost increases were for heating and cooling 76 prisons and gasoline costs for prison and probation and parole. This funding is intended to avoid a budget deficit in 2006-07. Funding is non-recurring on the premise that energy costs may stabilize by 2007-08.

Prisons

50 Funding for Our Children's Place — $100,000 R

Funds a program director, contractual services and operating expenses. Our Children's Place is a non-profit organization established to operate the incarcerated mothers program.

51 Operating Reserve for Tabor Correctional Center — $95,504 R; $144,000 NR; 10.00

Establish reserve for startup costs for prison in Columbus County scheduled to open February, 2008

52 Increase Prison Bed Capacity — $1,458,336 R

Prison population projections continue to show population exceeding bed capacity. Funding is recommended to increase bed capacity by a total of 468 beds spread over six prisons. The prisons are three medium custody -- Brown Creek, Harnett, and Lumberton -- and three minimum custody prisons-- Dan River, Tillery, and Tyrrell. This capacity increase is possible by increasing the number of inmates in dormitories and adding additional security, medical and program staff. Non-recurring funding is primarily for inmate bunks and lockers and community college start up costs. The original recommended amount of $540,000 NR for community college startup is reduced to $270,000 based on a January 1, 2007 start date.

$594,069 NR
36.00

53 Inmate Medical Care — $10,000,000 R

Medical costs continue to exceed the inmate medical continuation budget. This funding will partially address the budget needs.

$5,723,518 NR

54 Gang Prevention Initiative — $256,292 R

DOC received Governor's Crime Commission grants to develop a "Security Threat Group Unit" at Foothills Correctional Institution. The grant funding ends December 31, 2006 so 6 months funding is provided for 06/07. The program targets gang members and is designed to increase supervision of these inmates while providing education and skills that will allow an inmate to renounce gang activity.

11.00

55 Security Positions for new Enterprise Plant — $131,355 R

Enterprise is opening a new janitorial products plant at Warren Correctional Center. The plant is located off-site and will require nine security positions in order to provide adequate security for 100 inmates. The plant opens in Spring 07 so positions are not effective until February 1, 2007.

$42,510 NR
9.00

56 Inmate Medical - Central Pharmacy — $147,063 R

Establishes three positions in the DOC Prison Pharmacy: one Pharmacy technician; one Pharmacist; and, a Stock Supervisor. As prison population has grown, the number of prescriptions filled has grown from 550,573 in FY 98-99 to 856,803 in 2004-05. with no increase in staffing.

$4,500 NR
3.00

57 Inmate Medical - Nurses and Records Clerks — $1,332,322 R

Funding is provided for 18 medical records clerks and 20 Licensed Practical Nurses. Adding the medical clerks will free up nurses to devote more time to nursing duties while adding LPN's will help reduce the general shortage of nurses in the prison system

$48,960 NR
38.00

58 Delayed Opening of Segregation Units

The completion dates for 40 bed segregation units at Orange and Caldwell Correctional Centers have been delayed from 2006-07 to 2007-08 allowing for a non-recurring reduction. The total reduction is ($904,430); ($380,809) for Orange and ($523,621) for Caldwell.

($904,430) NR

Budget Changes	**$17,896,140**	**R**
	$15,385,208	**NR**
Total Position Changes	148.00	
Revised Total Budget	**$1,081,773,850**	

Crime Control and Public Safety

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$35,153,488

Budget Changes

Administration

59 Federal Grants Administration — $63,731 R
Funding is provided for a Federal Grants Accountant to ensure compliance with federal reporting and control requirements: — $4,000 NR, 1.00

Accountant II(PG74)

60 Information Technology Positions — $164,112 R
Funding is provided to establish two full-time permanent information technology positions: — 2.00

Business & Technology Specialist (1.0)
Business & Technology Analyst (1.0)

Butner Public Safety

61 Operations and Maintenance — $103,680 R
Provide funds to meet basic operations and maintenance needs for Butner Public Safety: restore previous budget cuts, inflationary increases, and over budgeted receipts.

Emergency Management

62 Planning, Response, and Recovery Capabilities — $379,901 R
Funding is provided for seven positions to enhance emergency management planning, response, and recovery capabilities. — $10,500 NR, 7.00

Transfer three existing managerial positions from temporary receipt-supported to permanent general fund positions:
Emergency Management Asst. Dir (PG 78) 1 positions
Emergency Management Section Mgr (PG76) 2 positions

Establish four new positions:
Emergency Planner I (PG70) 2 positions
Office Asst IV (PG61) 2 positions

63 Urban Search & Rescue/Swift Water Rescue
Funding is provided for training and equipment to ensure that the state's Urban Search and Rescue and Swift Water Rescue Teams can meet federal standards. Future federal emergency management funding may be jeopardize if the teams fail to meet the standards. — $627,400 NR

64 HAZMAT Regional Response Teams $156,956 NR

Provide funds for the state's seven HAZMAT Regional Response Teams. Funds will be used to support the teams' training and equipment replacement.

National Guard

65 National Guard Pension Fund $965,000 R

Funds are provided for the NC National Guard Pension Fund. Effective July 1, 2006, these funds will be used to increase the monthly pension benefit payment to current and future retirees from a maximum of $150 to a maximum of $160.

66 Assistance to NC National Guard Families $500,000 NR

Funding is provided for the NCNG Soldiers and Airmen's Assistance Fund to provide emergency financial assistance to members and their immediate families who are experiencing financial hardship.

Victim & Justice Services

67 Victims Compensation $700,000 NR

$700,000 NR to address the backlog of approved but unpaid victims compensation claims.

Budget Changes	**$1,676,424**	**R**
	$1,998,856	**NR**
Total Position Changes	10.00	
Revised Total Budget	**$38,828,768**	

GENERAL GOVERNMENT
Section J

Administration

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$58,818,473**

Budget Changes

1311 Office of State Personnel

1 International Employment Specialist — $78,915 R

Provides funding to establish a full-time International Employment Specialist (Agency Legal Specialist II) to ensure compliance with federal laws and regulations regarding the employment of foreign nationals. — 1.00

531211	Salaries - Appr.	$63,000
531461	Longevity Pay	$ 945
531511	Social Sec. Contribution	$ 4,820
531521	Retirement Contribution	$ 4,297
531561	Medical Ins. Contribution	$ 3,854
532714	Travel - Trans. In-State	$ 1,999

2 EEO Diversity & Special Emphasis Project Mgmt. — $106,596 R

Appropriates funds for an HR Partner position to provide support to agencies and universities in diversity efforts and to independently investigate documented complaints. Also provides funds for INROADS. — 1.00

531211	Salaries - Appr.	$61,000
531461	Longevity Pay	$ 915
531511	Social Sec. Contribution	$ 4,667
531521	Retirement Contribution	$ 4,160
531561	Medical Ins. Contribution	$ 3,854
532714	Travel - Trans. In-state	$ 2,000
536905	Employer OJT Incentive (INROADS)	$30,000

3 Mediation Training Staff — $54,645 R

Provides funding to support an Administrative Assistant I for the mediation program, which has been shown to be a cost effective way of dealing with employee grievances; and funds additional training. — 1.00

531211	Salaries - Appr.	$30,000
531461	Longevity Pay	$ 450
531511	Social Sec. Contribution	$ 2,295
531521	Retirement Contribution	$ 2,046
531561	Medical Ins. Contribution	$ 3,854
532714	Travel - Trans. In-state	$ 1,000
532942	Employee Educational Training	$15,000

4 Receipt Supported Position - NC Flex Program

Appropriates additional staffing with an HR Partner position to provide services necessary for the program's expansion of participants in community colleges and possibly in the public school system.

531211	Salaries - Appr.	$55,000
531461	Longevity Pay	$ 825
531511	Social Sec. Contribution	$ 4,208
531521	Retirement Contribution	$ 3,751
531561	Medical Ins. Contribution	$ 3,854
532714	Travel - Trans. In-state	$ 2,000
Total		$69,638

1411 State Construction

5 HUB Contractor Academies

$122,536 R
$277,464 NR
1.00

Provides funding for an Engineer ($60,000) and the costs associated with the training expenses for the HUB Contractor Academy program. HUB academies provide opportunities for minority contractors to learn strategies for successful participation in public construction projects.

Recurring		
531211	Salaries	$ 60,000
531511	Social Security	$ 4,590
531521	Retirement	$ 4,092
531561	Med. Ins.	$ 3,854
532590	Rent/Lease Other Property	$ 50,000
Nonrecurring		
53XXXX	Honorariums	$ 40,000
532199	Misc. Contractual Services	$176,464
532714	Transportation - Ground	$ 5,000
532721	Lodging - In State	$ 5,000
532811	Telephone	$ 500
532840	Postage	$ 1,000
533110	General Office Supplies	$ 1,000
533720	Educational Supplies	$ 20,000
534534	Equipment - Computer	$ 2,500
534711	Software	$ 1,000
535890	Other Admin. Expense - Workshop/Conference	$ 25,000

1412 State Property Office

6 State Property Surplus Property Disposal System

$400,000 NR

In Session Law 2003-284, the department was instructed to develop a State-Owned Real Property Disposal System. The system will continuously identify, evaluate and dispose of surplus property. All proceeds generated will be returned to the General Fund.

1421 Facilities Management Division

7 Additional HVAC Positions

$198,331 R

4.00

Provides funding for two (2) HVAC Mechanics ($37,754 each) and two (2) HVAC Technicians ($41,094 each) to support the workload. Currently, the existing staff is covering 392,857 square feet of office space per employee while the industry standard is 200,000 square feet per employee. The positions will bring the total per employee to 305,555 square feet.

531211	Salaries	$ 157,696
531511	Social Security	$ 12,064
531521	Retirement	$ 10,755
531561	Med. Ins.	$ 15,416
533150	Security & Safety Supp	$ 600
533510	Clothing & Uniforms	$ 1800

8 Building Repairs

$321,552 NR

Provides funding for small repairs to aging and deteriorating state buildings. Areas covered would include painting, plumbing, electrical, carpentry, AC systems, and general building repair.

9 Paint Shop Establishment

$80,117 R

2.00

Provides funding to establish a small paint shop staffed by two Painters ($30,885 each). These individuals will perform small paint jobs and help coordinate informal bids for larger projects. Currently, all painting jobs are done by contracted services.

531211	Salaries	$ 61,770
531511	Social Security	$ 4,726
531521	Retirement	$ 4,213
531561	Med. Ins.	$ 7,708
533150	Security & Safety Supp	$ 800
533510	Clothing & Uniforms	$ 900

10 Increase for Utility and Fuel Expenses

$1,330,000 NR

Additional funds are required to cover the increased cost of electrical, natural gas, propane, and gasoline expenses. The department pays for the electrical and heating services for the downtown governmental complex.

1623 State Capital Police

11 Telecommunicator Position

$31,843 R

1.00

Provides funding for a Telecommunicator to support the statewide alarm computer system that is monitored and managed by the State Capital Police 24 hours a day, 7 days a week. Currently, sworn officers have to be utilized to monitor the system.

531211	Salaries	$ 24,101
531511	Social Security	$ 1,844
531521	Retirement	$ 1,644
531561	Med. Ins.	$ 3,854
532714	Uniforms	$ 400

1731 Council for Women/DV Commission

12 Domestic Violence Staffing

$148,175 R

5.00

Provides funding for five (5) Office Asst III ($22,522 each) to provide support staff for the regional offices. This will assure that all regional directors will have full-time support staff so that they can continue to provide services to the counties they serve.

Recurring		
531211	Salaries	$112,610
531511	Social Security	$ 8,615
531521	Retirement	$ 7,680
531561	Med Ins	$ 19,270

13 Domestic Violence Center Fund

$350,000 R

Provides additional funds for grants to domestic violence programs awarded from the Domestic Violence Center Fund pursuant to G.S. 50.9.

14 Council for Women Staffing

$55,983 R

$4,000 NR

1.00

Provides funding for a Community Development Specialist for the Council for Women.

Recurring		
531211	Salaries	$ 44,229
531511	Social Security	$ 3,384
531521	Retirement	$ 3,016
531561	Med. Ins.	$ 3,854
533XXX	Operating Expenses	$ 1,500
Nonrecurring		
534500	Equipment	$ 4,000

1771 Division of Veterans Affairs

15 Increase Funding for Veterans Scholarship Program

$373,824 R

Additional funding is being recommended to support the Veterans Scholarship program. The program has experienced a 20 percent increase in the number of students over the last two years. In addition to the enrollment increase, UNC System's room and board costs have increased as well as tuition for both the UNC System and the community college system. 76.4 percent of the Veterans Scholarship Program is supported by the state's Escheat Fund for need based students.

Escheats Fund Receipts	$1,210,176

16 Establish Three Additional Staff

$120,669 R
$5,175 NR
3.00

Provides funding to establish a Processing Assistant III ($20,955) in Asheville, a District Service Officer ($32,432) in Durham and a Training Officer ($36,521).

Recurring		
531211	Salaries	$89,908
531511	Social Security	$ 6,878
531521	Retirement	$ 6,132
531561	Med Ins	$11,561
532714	Transportation - Ground (In State)	$ 4,162
532721	Lodging (In State)	$ 1,118
532724	Meals	$ 610
533110	General Office Supplies	$ 300
Nonrecurring		
534534	PC/Printer	$ 4,200
534711	Other Computer Software	$ 975

1861 Commission on Indian Affairs

17 Economic Development Initiative

$115,411 R
$2,000 NR
2.00

Provides funding for two (2) Economic Development Specialists ($41,366 each) to continue work on the NC Indian Economic Development Initiative.

531211	Salaries	$ 82,732
531511	Social Security	$ 6,329
531521	Retirement	$ 5,642
531561	Med Ins	$ 7,708
532721	Lodging	$ 2,500
532724	Meals	$ 2,000
532732	BD/NON-Employee Transp	$ 1,000
532732	BD/NON-Employee Subsistence	$ 1,000
532732	Workshops/Conferences	$ 1,000
532811	Telephone Services	$ 500
532840	Postage/Office Supplies/Printing	$ 1,500
533110	General Office Supplies	$ 3,500
532821	Computer/Date Processing Svc	$ 1,000
534511	Office Furniture	$ 1,000

XXXX Energy Office

18 Emergency Management Plan

Provides funding to update the Emergency Management Plan. This funding is to be transferred to Budget Code 34100 for Fund Code 3466.

$40,000 NR

Budget Changes	**$1,837,045**	**R**
	$2,380,191	**NR**
Total Position Changes	22.00	
Revised Total Budget	**$63,035,709**	

Auditor

	GENERAL FUND
	FY 06-07
Total Budget Approved 2005 Session	**$10,840,918**
Budget Changes	
1210 Field Audit Division	
19 Agency Network Troubleshooting Software Funding is recommended for software to assist the auditor in identifying network issues accurately. The "Network Performance Monitoring Service" will be purchased from ITS.	$38,500 R
Budget Changes	**$38,500 R**
Total Position Changes	
Revised Total Budget	**$10,879,418**

Cultural Resources

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$62,917,147**

Budget Changes

1110 Office of the Secretary

20 Additional Personnel Analyst — $44,909 R

Funding is appropriated for an additional Personnel Analyst I position to allow the Human Resources Office to manage more efficiently newly mandated programs, such as career banding and the new HR/Payroll system. — 1.00

531211	SPA - Reg Salaries - Appropriated	$35,865
531511	Social Security Contribution - Appropriated	$ 2,744
531521	Regular Retirement Contribution - Approp.	$ 2,446
531561	Medical Insurance Contribution - Approp.	$ 3,854

21 Facility Construction Engineer Position — $49,210 R

Funding is provided to establish a Facility Construction Engineer I position to design facilities, perform design reviews, monitor construction, and inspect and manage renovations and new construction projects throughout the state. — 1.00

531211	SPA-Reg Salaries-Approp.	$39,623
531511	Social Security - Approp.	$ 3,031
531521	Reg. Retire Contri-Approp	$ 2,702
531561	Med Ins Contrib-Approp.	$ 3,854

22 Attorney III Position — $106,578 R

Appropriates funding for an Attorney III position that will be located in the Department of Justice to focus on administrative law matters involving personnel, procurement and contracting, organizational development and historical document and artifact recovery. — 1.00

531211	SPA-Reg Salaries-Approp.	$89,739
531511	Social Security - Approp.	$ 6,865
531521	Reg. Retire Contri-Approp.	$ 6,120
531561	Med Ins Contrib-Approp.	$ 3,854

1120 Administrative Services

23 Increase in Administrative Staff

$42,533 R

Funding is provided for an Accountant I position to help the department meet legally mandated and grant specific accounting and reporting requirements in a timely manner.

1.00

531211	SPA - Reg Salaries - Appropriated	$33,790
531511	Social Security Contribution - Approp.	$ 2,585
531521	Regular Retirement Contribution - Approp.	$ 2,304
531561	Medical Insurance Contribution - Approp.	$ 3,854

1210 Archives & History - Administration

24 Cultural Sharing and Caring Program

$2,000,000 NR

Funding is appropriated for the creation of the Cultural Sharing and Caring Program. This program will provide ballet and opera in public school systems, and is designed to enhance the teaching and learning of history, arts, and culture in North Carolina by providing for the creation of several education initiatives and expansion of established programs.

1241 State Historic Sites

25 Fire and Burglary Protection

$201,832 R

Funding is provided to support two (2) positions - Maintenance Mechanic III ($25,886) and Maintenance Mechanic IV ($30,045)- that will have responsibility for the installation and maintenance of fire and/or intrusion alarm systems throughout the state and to provide enhanced security at Fort Fisher and the North Carolina Transportation Museum.

2.00

531211	SPA-Reg Salaries-Approp	$55,931
531511	Social Sec. Contrib-Approp	$ 4,279
521521	Reg Retire Contrib-Approp	$ 3,814
531561	Med Ins. Contrib-Approp	$ 7,708
5321xx	Security & Misc. Contractual Services	$99,000
532490	Maintenance Agreement	$20,000
532714	Transp-Grnd- In State	$ 6,500
532721	Lodging - In-State	$ 1,000
432724	Meals - In State	$ 1,000
532942	Other Emp Educational Ex	$ 1,000
533900	Other Materials/Supplies	$ 1,000
534534	PC/Printer Equipment	$ 500
534713	PC Software	$ 100

1250 Historic Preservation

26 Eastern Office-Humber House — $13,940 R

Funding is provided to support the operations of the Eastern Office located in the Humber House in Greenville.

532184	Janitorial Service Agreement	$1,780
532188	Lawns and Grounds Service Agreement	$1,810
532199	Misc Contractual Services	$3,000
532210	Electrical	$ 700
532220	Natural Gas/Propane	$1,600
532230	Water & Sewer	$ 400
532714	Transportation Ground, In State	$1,000
532721	Lodging, In State	$1,000
532724	Meals - In State	$1,000
532811	Telephone Service	$ 600
532812	Telecommunication Data Charge	$ 300
533900	Other Materials and Supplies	$ 750

1330 NC Arts Council

27 Grassroots Arts Council — $1,000,000 NR

Provides additional funding for grants in FY 2006-07 that will be awarded through the formal application process.

1340 North Carolina Symphony

28 Symphony Education Program — $325,000 NR

Provides additional funding in FY 2006-07 to support the North Carolina Symphony's education programs throughout the state.

536936	NC Symphony Society, Inc.	$325,063

1480 State Library - Statewide Programs & Grants

29 Aid to Counties — $350,000 NR

Provides additional nonrecurring funds to support grants to public libraries in accordance with the formula for State-Aid to Libraries.

1480 State Library - Statewide Programs & Grants

30 Digital Preservation Program (State Library)

$200,000 R

3.00

Appropriates funding for three (3) positions - Librarian IV ($39,623), Librarian Consultant II ($43,157), and Asst. State Librarian ($49,428. The positions will assist State agencies in understanding and participating in digital preservation efforts to collect, manage, and preserve digital publications and other records of government for long-term public access.

531211	Salaries - Appr.	$132,208
531511	Social Sec. Contribution	$ 10,114
531521	Retirement Contribution	$ 9,017
531561	Medical Ins. Contribution	$ 11,562
532715	Travel - Trans. Grd Out of-state	$ 4,000
532721	Lodging - in state	$ 4,000
532724	Meals in state	$ 4,000
532942	Other - Employee Ed	$ 7,000
533110	General Office Supplies	$ 4,000
534630	Literature	$ 14,100

Department-wide

31 Conversion of Temporary Positions to Permanent Pos

$672,816 R

20.00

Provides funding to convert 20 temporary positions to permanent full time status. The permanent positions will support work for the Museum of History, Queen Anne's Revenge, Tryon Palace, Maritime Museum, and historic sites.

5331211	SPA-Reg Salaries - Approp.	$520,430
-	Social Security Contribution	$ 39,813
531561	Retirement Contribution	$ 35,493
531561	Medical Insurance	$ 77,080

32 Reserve for Utility and Fuel Costs

$123,744 NR

Appropriates funds for projected increased costs for electricity, natural gas, and propane for the state historic sites and other facilities located throughout the state.

Budget Changes	**$1,331,818**	R
	$3,798,744	NR
Total Position Changes	29.00	
Revised Total Budget	**$68,047,709**	

General Assembly

	GENERAL FUND
	FY 06-07
Total Budget Approved 2005 Session	**$46,965,432**
Budget Changes	
1900 Reserves and Transfers	
33 Reserve for Utility and Fuel Costs	
Funding is appropriated to cover increased electric utility costs.	$168,346 NR
Budget Changes	**$168,346 NR**
Total Position Changes	
Revised Total Budget	**$47,133,778**

Governor

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$5,344,528**

Budget Changes

1110 Administration

34 Operating Support $100,000 R

Provides funding for operating support which includes travel, communication and data processing services and other services and expenses.

532390	Repairs	$ 5,000
532711	Transportation - Air (In State)	$10,000
532714	Transportation - Ground (In State)	$ 5,000
532821	Computer/Data Processing Services	$25,000
532840	Postage & Delivery	$ 5,000
532930	Registration Fees	$10,000
533900	Other Material & Supplies	$15,000
538166	Transfer to CC&PS	$25,000

Budget Changes	**$100,000**	**R**
Total Position Changes		
Revised Total Budget	**$5,444,528**	

Housing Finance Agency

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$4,750,945**

Budget Changes

8102 HTF State Appropriations

35 Housing Programs

Funding is provided to increase the resources of the North Carolina Housing Trust Fund in FY 2006-07. $5,000,000 NR

36 HTF - 400 Apartment Housing Initiative

Provides funding to the North Carolina Housing Trust Fund for a 400 apartment initiative recommended by the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services. These funds are for financing of the portion of the 400 independent- and supportive-living apartments for individuals with disabilities not able to be financed within the existing means of the North Carolina Housing Finance Agency. Funds for operating assistance for the 400 apartments are located in the Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services section of this report. The apartments shall be affordable to those with incomes at the Supplemental Security Income (SSI) level. A description of this item is also located in the Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services section of this report. $11,250,000 NR

8104 NC Housing Foreclosure

37 Continue the Home Protection Pilot Program

Appropriates funding to continue the pilot in the 26 counties in FY 2006-07. $1,500,000 NR

Budget Changes	**$17,750,000 NR**
Total Position Changes	
Revised Total Budget	**$22,500,945**

Insurance

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$28,110,582**

Budget Changes

1300 Technical Services

38 Communication Specialists $130,057 R

Provides funding to convert two (2) Communication Specialists ($35,000 each) from temporary to permanent status in the call center operations to assist citizens with questions and complaints on Medicare, Medicare Advantage, and Medicare Prescription Drug Plans. $12,000 NR

2.00

531211	Salaries	$ 70,000
531511	Social Security	$ 5,355
531521	Retirement	$ 4,774
531561	Med Ins	$ 7,708
532XXX	Travel & Training	$ 8,640
532512	Rent	$ 7,160
532811	Telephone Services	$ 24,020
533110	General Office Supplies	$ 2,400
534XXX	Furniture & Equipment	$ 12,000

Budget Changes	**$130,057 R**
	$12,000 NR
Total Position Changes	2.00
Revised Total Budget	**$28,252,639**

Lieutenant Governor

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$753,037**

Budget Changes

1110 Administration

39 Increase in Operating Budget $2,600 R

Provides additional funding to cover travel expenses.

532714	Transportation - In State	$1,400
532721	Lodging - in state	$ 800
532724	Meals - In state	$ 400

40 Expand Personnel $85,833 R

Appropriate funding for a Senior Research Analyst position.

1.00

531211	Reg Salaries - Appropriated	$70,000
531511	Social Security Contribution - Approp.	$ 5,355
531521	Regular Retirement Contribution - Approp.	$ 4,774
531561	Medical Insurance Contribution - Approp.	$ 3,854
533110	General Office Supplies	$ 100
534534	Printer/PC Equipment	$ 1,300
534713	PC Software	$ 500

Budget Changes	**$88,433**	R
Total Position Changes	1.00	
Revised Total Budget	**$841,470**	

Office of Administrative Hearings

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$2,969,712**

Budget Changes

1110 Administration

41 Operational Support & Reduction of Unrealized Rec. — $57,578 R; $3,789 NR

Provides funds to cover the unrealized budgeted receipts from the sale of the NC Register that have been lost due the availability of the publication on the Internet at no charge. Also provides funding for employee educational expenses to obtain certification training for Civil Rights Investigators and to supplement CLE training for attorneys, and for printing the NC Register in FY 2006-07.

532942	Employee Education	$ 7,578
532800	Communication/Data Process	$(15,155)
434310	Sale of NC Register	$(65,155)
532840	Printing	$ 3,789 NR

42 Administrative Law Judge Positions — $212,000 R; $8,000 NR; 2.00

Appropriates funds for two (2) additional Administrative Law Judges to manage increased filings.

531211	Salary	$172,964
531511	Social Security	$ 13,232
531521	Retirement	$ 11,796
531561	Hospitalization	$ 7,708
5327XX	Travel	$ 2,500
532811	Telephone	$ 2,500
532841	Employee Education	$ 1,500
533110	Office Supplies	$ 800
534511	Office Furn/Equip.	$ 4,000
534522	Computer Equipment	$ 4,000

Budget Changes	**$269,578**	R
	$11,789	NR
Total Position Changes	2.00	
Revised Total Budget	**$3,251,079**	

Revenue

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$80,673,250**

Budget Changes

1605 Information Technology

43 IT Staffing — $521,059 R

Funding is appropriated for two (2) IT positions per the Governor's recommendations and four (4) positions added by the subcommittee to provide systems applications development, mainframe applications development, PC/desktop hardware/software support, business analysis, and computer operations. — 6.00

531211	SPA Regular Salaries	$434,992
531511	Social Security Contributions	$ 33,277
531521	Retirement Contributions	$ 29,666
531561	Medical Insurance Contributions	$ 23,124

44 Security for Taxpayer Operating Systems — $750,000 R

Provides funding to address the security issues of the taxpayer operating system from questions raised in the 2004 Statewide Security Assessment.

532140	Other Information Technology-Consulting Sv.	$100,000
532942	Other Employee Education	$ 30,000
534535	Server Equipment	$263,000
534714	Server Software	$357,000

1623 Personal Taxes

45 Staffing for Tax Hearings

$59,484 R
$4,581 NR
1.00

Provides funds for a Revenue Administrative Officer III position to assist with the increase in administrative tax hearings resulting from increased taxpayer activities brought about by Project Collect Tax and Project Tax Compliance.

531211	SPA Regular Salaries	$47,232
531511	Social Security Contributions	$ 3,614
531521	Retirement Contributions	$ 3,222
531561	Medical Insurance Contributions	$ 3,854
1605 IT		
532448	Maintenance Agreement - PC Software	$ 507
534713	PC Software Purchases	$ 401 NR
1681 Administrative Svs		
532811	Telephone Service	$ 350
533110	General Office Supplies	$ 500
534511	Furniture - Office	$ 4,180 NR
534528	Voice Comm Equipment (telephone)	$ 205 NR

1662 Taxpayer Call Center (TACC)

46 Taxpayer Assist. & Collection Ctr. Staffing

Funding provides for the conversion of thirty (30) temporary positions to permanent full time status and adds seventeen (17) new permanent positions. The total cost of the conversion and new positions is $1,641,036. Part of the cost will be covered by an existing $400,000 budgeted in temporary wages, which will be moved from the temporary line item to salaries. The remaining $1,241,036 will come from receipts from the 20% Collection Assistance Fee charged in relationship to Project Collect.

531212	SPA Regular Salaries - Receipts	$1,146,770	
531512	Social Security Contributions - Receipts	$ 87,728	
531522	Retirement Contributions - Receipts	$ 78,210	
531562	Medical Insurance Contributions - Rec	$ 181,138	
532448	Maintenance Agreement - PC Software	$ 5,405	
532811	Telephone Service	$ 16,450	
533110	General Office Supplies	$ 23,500	
534511	Furniture - Office	$ 76,500	NR
534521	Office Equipment Calculator	$ 1,700	NR
534528	Voice Comm Equipment (telephone)	$ 3,400	NR
534528	Voice Comm Equipment (headsets)	$ 1,048	NR
534528	Voice Comm Equipment (amplifier adapter)	$ 374	NR
534528	Voice Comm Equipment (headsets)	$ 113	NR
534534	PC & Printer Purchases	$ 11,900	NR
534713	PC Software Purchases	$ 6,800	NR
531312	Temporary Receipts	$ (400,000)	
Total		$1,139,201	
		$ 101,835	NR

47 Operating Expense Transfer ($494,402) R

-15.00

Transfers 15 positions in the division from General Fund to receipt-support with revenue form the 20% Collection Assistance Fee. The transfer of the positions provides the allocation of State funds to support the four (4) new positions in the IT Division, and one (1) additional position in the Documents and Payments Processing Division that were added by the subcommittee.

The following positions are transferred to receipt-support:

Processing Assistant V	784-0000-0075-550	($25,892)
Processing Assistant V	784-0000-0075-551	($27,414)
Processing Assistant V	784-0000-0075-552	($29,476)
Processing Assistant IV	784-0000-0075-553	($24,885)
Processing Assistant IV	784-0000-0075-554	($24,885)
Processing Assistant IV	784-0000-0075-555	($24,885)
Processing Assistant IV	784-0000-0075-556	($24,885)
Processing Assistant IV	784-0000-0075-557	($24,885)
Processing Assistant IV	784-0000-0075-558	($24,885)
Processing Assistant IV	784-0000-0075-559	($24,885)
Processing Assistant IV	784-0000-0075-560	($24,885)
Processing Assistant IV	784-0000-0075-561	($24,885)
Processing Assistant IV	784-0000-0075-562	($24,885)
Processing Assistant IV	784-0000-0075-563	($24,885)
Processing Assistant IV	784-0000-0075-564	($24,885)

531211	Salaries	($381,402)
531151	Social Security Contr. - Approp	($29,178)
531521	Retirement Contr. - Approp	($26,012)
531561	Medical Insurance - Approp.	($57,810)

1670 Unauthorized Substance Tax

48 Additional Tax Enforcement Agent and Lease Space

$94,319 R
$11,907 NR
1.00

Funding adds one (1) USUB Tax Enforcement Agent for a total of 13 agents in the division. Additionally, the USUB Tax Division is being relocated to an office outside the Revenue Building, and funding is provided to cover the cost of rent.

521211	SPA Regular Salaries	$35,134
531511	Social Security Contributions	$ 2,688
531531	LEO Retirement Contributions	$ 4,153
521561	Medical Insurance Contributions	$ 3,854
532133	Employee/Employment Physicals	$ 150
532210	Energy Service - Electrical	$ 4,500
532220	Energy Service - Natural Gas	$ 1,500
532448	Maintenance Agreement - PC Software	$ 115
532512	Rent/Lease Buildings/Offices	$33,000
532714	Transportation - Ground - In State	$ 5,600
532721	Lodging - In State	$ 700
532724	Meals - In State	$ 700
532811	Telephone Service	$ 350
532814	Cellular Phone Service	$ 600
533110	General Office Supplies	$ 500
533510	Clothing and Uniforms	$ 325
534511	Furniture - Office	$ 4,200
534521	Office Equipment (calculator)	$ 100
534528	Voice Comm Equipment (cell phone)	$ 45
534528	Voice Comm Equipment (telephone)	$ 200
534529	Custody & Security Equipment	$ 2,500
534534	PC & Printer Purchases (laptop)	$ 1,350
534534	PC & Printer Purchases (bag & printer)	$ 262
534713	PC Software Purchases	$ 400

1685 Documents & Payments Processing

49 Additional Support for Division

$161,444 R
5.00

Funding provides four (4) positions in the Governor's recommendations and one (1) added by the subcommittee to process the increase in payments resulting from increased collection activities brought about by Project Collect Tax and Project Compliance.

531211	SPA Regular Salaries	$120,830
531511	Social Security Contributions	$ 9,244
531521	Retirement Contributions	$ 8,240
531561	Medical Insurance Contributions	$ 19,270
532448	Maintenance Agreement - PC Software	$ 575
532811	Telephone Service	$ 1,750
533110	General Office Supplies	$ 1,535

Budget Changes	**$341,904**	R
	$766,488	NR
Total Position Changes	-2.00	
Revised Total Budget	**$81,781,642**	

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$9,369,633

Budget Changes

1110 General Administration

50 Facility Planner I Position $42,125 R
$7,000 NR
1.00

Provides funding to establish a Facility Planner I position and operational support to deliver department-wide programs required by statute, state policy, and business need. The department will improve compliance with all related requirements including employee safety and health, energy conservation, ADA access, Workers' Compensation, document storage, security, and disaster response.

Recurring		
531211	Salaries	$31,204
531511	Social Security	$ 2,388
531521	Retirement	$ 2,129
531561	Med Ins	$ 3,854
532714	Transportation - Ground (In State)	$ 500
532724	Meals (In State)	$ 1,000
532811	Telephone Service	$ 150
532840	Postage	$ 200
532850	Printing	$ 250
532930	Registration	$ 200
533110	Office Supplies	$ 250
Nonrecurring		
532811	Telephone Service	$ 50
532850	Printing	$ 250
534511	Furniture - Office	$ 3,500
534521	Office Equipment	$ 200
534534	PC & Printer	$ 3,000

51 Internal Auditor Position

$65,945 R
$6,950 NR
1.00

Provides funding to establish an Internal Auditor II position and operating costs to perform risk assessments and performance audits, and to assess the department's performance regarding financial accounting, reporting, and internal controls standards. The position will be responsible for compliance with all laws, regulations, and good business practices.

Recurring		
531211	Salaries	$53,324
531511	Social Security	$ 4,080
531521	Retirement	$ 3,637
531561	Med Ins	$ 3,854
532714	Transportation - Ground (In State)	$ 150
532811	Telephone Service	$ 200
532850	Printing	$ 250
532930	Registration	$ 200
533110	Office Supplies	$ 250
Nonrecurring		
532850	Printing	$ 250
534511	Furniture - Office	$ 3,500
534521	Office Equipment	$ 200
534534	PC & Printer	$ 3,000

1150 Lobbyist Registration Division

52 Lobbyist Registration Reform

$220,620 R

Provides funding to reallocate four (4) positions approved in the 2005 Budget to meet the additional lobbying registration requirements that resulted from Senate Bill 612, Amend Lobbying Law, S.L. 2005-456. The Lobbyist Director ($75,611) is increased from grade level 75 to grade level 82. The three (3) grade level 61 positions are reallocated to an Assistant Director ($44,229) position at grade level 70, an Investigator ($46,143) position at grade level 71, and an Agency Legal Specialist III ($65,926) at grade level 79. All four (4) reallocated positions are funded at the midpoint salary range. The remaining five (5) Administrative Assistant II positions at grade level 65 that were funded in the 2005 Budget are readjusted to the midpoint salary ($35,770).

531211	Salaries	$ 165,650
531511	Social Security	$ 12,672
531521	Retirement	$ 11,298
532512	Rent	$ 31,000

1210 Corporations Division

53 LLC Notifications and Staff Expansion

$197,527 R
$12,900 NR
3.25

Provides funding to establish three (3) Processing Assistant IV positions ($22,426 each) and add .25 position to an existing .75 Information Processing Tech position ($7,070) to create a full time position. The positions improve the efficiency of the annual report filing process and to continue producing periodic notifications to Limited Liability Companies for annual report filing fees.

Recurring		
531211	Salaries	$ 74,348
531511	Social Security	$ 5,688
531521	Retirement	$ 5,071
531561	Med Ins	$ 11,562
532811	Telephone Service	$ 558
532XXX	Temporary Agency Services	$ 63,500
532840	Postage	$ 16,000
532850	Printing	$ 10,000
533110	Office Supplies	$ 7,300
534711	Other Materials & Supplies	$ 3,500
Nonrecurring		
534534	PCs & Printers	$ 12,900

Budget Changes	**$526,217**	R
	$26,850	NR
Total Position Changes	5.25	
Revised Total Budget	**$9,922,700**	

State Board of Elections

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$5,069,307**

Budget Changes

1100 Administration

54 Contract Position to Appropriation Conversion $90,406 R

Provides funding to convert a contracted IT Project Manager position to appropriation support. 1.00

531211	Salaries	$75,611
531511	Social Security	$ 5,784
531521	Retirement	$ 5,157
531561	Med Ins	$ 3,854

1200 Campaign Reporting

55 Campaign Finance Staff Expansion $693,834 R
$205,276 NR

Provides funding to create ten (10) permanent positions and increase the grade level of the Deputy Director ($75,611) from grade level 75 to grade level 82. The new positions include five (5) Campaign Finance Field Auditors ($54,956 each), two (2) Campaign Finance Training Specialists ($44,229 each) and three (3) Compliance Specialists ($54,956 each). 13.00

Provides funding for three (3) time-limited Audit Specialists ($48,139 each) to address the auditing backlog of campaign finance reports.

Recurring

531212	Salaries	$553,240
531512	Social Security	$ 42,323
531522	Retirement	$ 37,731
531562	Med Ins	$ 38,540
532700	Travel	$ 15,000
534534	General Office Supplies	$ 7,000

Nonrecurring

531212	Salaries	$144,417
531512	Social Security	$ 11,048
531522	Retirement	$ 9,8491
531562	Med Ins	$ 11,562
534511	Furniture	$ 6,000
534534	PCs & Printers	$ 22,400

1901 Computerized Voter Registration

56 Time Limited Positions (TLP) Conversion

Authorizes the use of receipts from Maintenance of Effort funds to convert nineteen (19) time limited positions to permanent positions. This action will enable the State Board of Elections to continue to meet the mandates of S.L. 2005-323.

19.00

Budget Changes	**$784,240**	**R**
	$205,276	**NR**
Total Position Changes	33.00	
Revised Total Budget	**$6,058,823**	

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$6,021,795

Budget Changes

1310 Office of State Budget and Management

57 Results-Based Budgeting $135,430 R
$166,500 NR
1.00

Provides funding to introduce results-based budgeting into the state budget process during the fiscal year. The goals are to reintroduce strategic or business planning at agencies, ensure government programs are well-defined, and facilitate the introduction of key program measures. This process will require additional resources, including a Senior Budget Analyst position, training, hardware, software, and budget presentation redesign.

Recurring		
531211	Salaries	$ 80,000
531511	Social Security	$ 6,120
531521	Retirement	$ 5,456
531561	Med Ins	$ 3,854
534711	Other Computer Software	$ 40,000
Nonrecurring		
534534	PC & Printer	$ 1,500
532700	Travel/Other Employee Expense	$ 55,000
532141	WAN Support & Service	$110,000

58 Administrative Office Support Position $43,919 R
$1,500 NR
1.00

Provides funding to establish an Administrative II position for administrative support to be shared by the Economic Research, Management, Data Services, and Statewide Information Technology sections.

Recurring		
531211	Salaries	$35,000
531511	Social Security	$ 2,678
531521	Retirement	$ 2,387
531561	Med Ins	$ 3,854
Nonrecurring		
534534	PC & Printer	$ 1,500

59 Budget Analyst Position $61,089 R
$1,500 NR
1.00

Provides funding to establish a Budget Analyst position for the Justice and Public Safety section. This position's primary responsibilities will include the Department of Crime Control and Public Safety and will serve as the statewide coordinator for budget policy administration resulting from disasters.

Recurring		
531211	Salaries	$50,000
531511	Social Security	$ 3,825
531521	Retirement	$ 3,410
531561	Med Ins	$ 3,854
Nonrecurring		
534534	PC & Printer	$ 1,500

Budget Changes	**$240,438**	R
	$169,500	NR
Total Position Changes	3.00	
Revised Total Budget	**$6,431,733**	

State Budget & Management - Special Appropriations

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$5,111,429**	
Budget Changes		
1022 OSBM - Reserve for Special Appropriation		
60 Reserve for Moving and Rent Expenses	$755,232	R
	$598,021	NR
Establishes a reserve for moving and rent expenses for state agencies located in the Blount Street area. These properties are expected to be sold and all state agencies relocated during the 2006-07 fiscal year. Nonrecurring funds are recommended for moving expenses and recurring funds for rent expenses.		
Budget Changes	**$755,232**	**R**
	$598,021	**NR**
Total Position Changes		
Revised Total Budget	**$6,464,682**	

Treasurer

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$8,295,843**

Budget Changes

1130 Escheats Division

61 Escheats

Authorizes the use of receipts on a recurring basis from the Escheats Fund for two (2) Unclaimed Property Auditors ($37,994 each) to perform audits of unclaimed property holders to ensure their compliance with G.S. 116B. The receipts will also fund on a recurring basis a Securities Analyst ($32,432) to maintain securities, locate owners, and sell stock on a monthly basis.

531212	Salaries	$108,420
531512	Social Security	$ 8,294
531522	Retirement	$ 7,395
531562	Med Ins	$ 11,562
533110	Office Supplies	$ 1,000
534521	Office Equipment	$ 3,000

1150 Information Services

62 Core Banking System Maintenance $201,784 R

Provide funding for the annual support and maintenance required for the statewide Core Banking System.

1210 Investment Management Division

63 Bloomberg Portfolio Order Management System (POMS) $80,000 R

Provides funding for the annual fee to Bloomberg Portfolio Order Management System (POMS) for the Long Term and Short Term Investment Funds. The POMS system was previously included in the base fee, but Bloomberg started charging for this service as the functionality and support need increased. This action would provide uninterrupted service.

Budget Changes	**$281,784**	**R**
Total Position Changes		
Revised Total Budget	**$8,577,627**	

Treasurer - Retirement for Fire and Rescue Squad Workers

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$8,651,457**
Budget Changes	
1412 Gen. Fund Contribution to Fire Pension Fund	
64 Increase Retirement Benefits	$514,000 R
Increases the benefits in the Firemen's and Rescue Squad Workers' Pension Fund from $163 to $165 per month for retirees and future retirees effective July 1, 2006.	
Budget Changes	**$514,000 R**
Total Position Changes	
Revised Total Budget	**$9,165,457**

TRANSPORTATION
Section K

Transportation

HIGHWAY FUND

	FY 06-07
Total Budget Approved 2005 Session	**$1,538,908,929**

Budget Changes

Administration

1 Administrative Expenses ($5,000,000) R

Reduces the administration budget for the Department of Transportation by 3.5%.

Aeronautics

2 Rural Airport Development $2,000,000 R

Expands funding for the current State Aid to Airports program for assistance to rural airports for capital improvement projects.

Division of Motor Vehicles

3 Customer Traffic Management System $32,000 R
$448,000 NR

Provides funds to install automatic queuing systems in 32 additional driver license offices throughout the state. The systems allow for improved customer service and have already been installed in 27 high volume driver license offices.

4 License Plate Recall $1,228,301 NR

Provides funds to replace old license plates that are often in poor condition and provide limited visibility to law enforcement officers. License plates were last recalled in 1990.

5 Driver License Mobile Units $69,000 R
$391,000 NR

Provides funding for two additional driver license mobile units. These units will provide licensing and vehicle registration services to areas where population and transaction volumes do not warrant full-time offices.

6 Closure of Thirteen Driver License Offices ($81,600) R

Reduces the budget for the local driver license offices. Four offices have been closed already and an additional nine will be closed in December 2006. This savings represents disconnecting the data lines for these offices.

7 On-line Dealer Registration ($200,000) R

Eliminates funding for development of an online dealer registration system.

DPI - Driver Training Program

8 Driver Education Funding — $457,971 R

Increases the Highway Fund transfer to the Department of Public Instruction for driver education to allow for a projected increase in Average Daily Membership (ADM) in the ninth grade for FY2006-2007.

Ferry Division

9 Ferry Division

Provides additional funds for the ferry maintenance facility. — $1,000,000 NR

Information Technology

10 Server Consolidation — $1,000,000 R

Increases information technology funds to consolidate and replace existing servers to obtain a more economical operations and management system.

11 Software Agreement — $1,500,000 R

Increases funds to replace Microsoft Office 97 with a newer version to facilitate consistency with external customers and partners.

Maintenance

12 System Preservation — $82,022,632 R

Provides funds for highway maintenance activities that preserve and extend the life of infrastructure assets, including pavements, bridges, and traffic signal systems.

13 Contract Resurfacing — $113,995,624 R

Increases funds for contract resurfacing to offset increased material costs and to prevent further road degradation resulting from increased vehicle miles of travel and increased lane mileage.

Public Transportation

14 Reduction in New Starts Program

Reduces funding for the state's New Starts program. The reduction represents decreased expenditures for the Triangle Transit Authority's commuter rail project. — ($23,400,000) NR

15 Statewide Grant Program — $3,000,000 R

Increases state funding to match increased federal funds provided through the federal transportation reauthorization bill. — $2,400,000 NR

16 Urban and Regional Program — $2,000,000 R

Increases funds for the State Maintenance Assistance Program for operations assistance to regional, urban, and small urban transit systems.

17 Urban/Regional Bus and Facility Program — $2,000,000 NR

Increases funds to assist local governments in matching federal transit administration grants authorized through the latest federal transportation reauthorization bill.

Rail Division

18 Piedmont and Carolinian Operations — $1,198,750 NR

Increases funds to cover the operational costs of the Piedmont and Carolinian passenger trains.

19 Short-Line Railroads — $2,000,000 R

Increases funds for the grant program supporting short-line railroad companies. The funds are used as rehabilitation project grants to strengthen North Carolina's short-line infrastructure.

Retirement Contribution

20 Retirement System Contributions — $1,339,000 R

Increases the state's contribution for FY2006-2007 to provide a 3.0% cost-of-living adjustment to retirees of the Teachers' and State Employees' Retirement System.

Salary Increases

21 State Funded Compensation Increase — $23,940,000 R

Provides funds to support a 5% annual salary increase for full-time permanent employees in the Department of Transportation and other state agencies whose positions are paid from the Highway Fund.

Small Construction

22 Economic Development — $28,000,000 R

Provides additional recurring funds for economic development, spot safety, and transportation improvement projects.

State Highway Patrol

23 New Permanent Positions — $552,501 R

Creates 17 permanent positions that are now temporary positions. The positions include: eight Tradesworker III positions at a pay grade 61, eight Office Assistant IV's at a pay grade 59, and one Aircraft mechanic position at a pay grade 68.

24 VIPER Network Expansion — $10,000,000 NR

Provides funding for the continued development and building of the Voice Interoperable Communications Plan for Emergency Responders.

25 VIPER Maintenance — $208,892 R

Provides funding for the maintenance of the VIPER system already built.

Statutory Adjustments

26	**Adjust Secondary Road Construction Funding** Adjusts funding for secondary road construction based on revised projections in accordance with G.S. 136-44.2(a).	$1,439,500	R
27	**Leaking Underground Storage Tank Fund** Adjusts funding for Leaking Underground Storage Tank Fund based on revenue projections for the gasoline inspection fee in accordance with G.S. 105-119.18(a)	($150,000)	R
28	**Adjust Aid to Municipalities** Adjusts funding for Aid to Municipalities based on revised projections in accordance with G.S. 136-41.1.	$1,439,500	R

Transfers

29	**Standards Inspector Position** Transfers funds from the Highway Fund to the Department of Agriculture and Consumer Services for the support of one Retail Motor Fuel Device Inspector position.	$36,243	R
30	**Leaking Underground Storage Tank Fund Reduction** Reduces funding to the Leaking Underground Storage Tank Fund to support a newly created position within the Department of Agriculture and Consumer Services. The position will be a Retail Motor Fuel Device Inspector.	($36,243)	R

Budget Changes	**$259,565,020**	**R**
	($4,733,949)	**NR**
Total Position Changes		
Revised Total Budget	**$1,793,740,000**	

Transportation

HIGHWAY TRUST FUND

	FY 06-07
Total Budget Approved 2005 Session	**$1,135,940,000**

Budget Changes

Highway Trust Fund

31 Reduce Transfer of Funds to the General Fund Reduces the transfer of funds to the General Fund under G.S. 105-187.9 by $115 million. This amount is the outstanding balance on the $125 loan from the Highway Trust Fund to the General Fund in fiscal year 2002-03.	($115,000,000)	NR
32 Reduction in Transfer of Funds Reduces the transfer to the General Fund consistent with G.S. 105-187.9(b)(2).	($176,407)	NR
33 Reduce Transfer to General Fund Reduces transfer to General Fund by $80 million. The $80 million transfer was implemented to recognize the growth that would have occurred in the sales tax on vehicles that was repealed when the Highway Trust Fund was created in 1989.	($80,000,000)	NR
34 Funds for Intrastate System Increases funds for the Intrastate System consistent with statutory formulas to reflect new revenue estimates and changes in the amount transferred from the Highway Trust Fund to the General Fund. With these changes the budget will be $594,785,037.	$97,860,379	NR
35 Funds for Urban Loops Increases funds for urban loops consistent with statutory formulas to reflect new revenue estimates and changes in the amount transferred from the Highway Trust Fund to the General Fund. With these changes the budget will be $240,506,299.	$39,570,662	NR
36 Funds for Aid to Municipalities Increases funds for aid to municipalities (Powell Bill) consistent with statutory formulas to reflect new revenue estimates and changes in the amount transferred from the Highway Trust Fund to the General Fund.	$8,987,310	NR
37 Funds for Program Administration Increases funds for administration consistent with statutory formulas. The maximum allowance for Program Administration will be $46,098,940.	$3,180,220	NR

38 Funds for Secondary Road Construction

Increases funds for secondary road construction consistent with statutory formulas to reflect new revenue estimates and changes in the amount transferred from the Highway Trust Fund to the General Fund.

$10,267,836 NR

Budget Changes ($35,310,000) NR

Total Position Changes

Revised Total Budget $1,100,630,000

RESERVES/ DEBT SERVICE/ ADJUSTMENTS Section L

Statewide Reserves

GENERAL FUND

Total Budget Approved 2006 Session

FY 06-07
$1,149,242,725

Budget Changes

A. Employee Benefits

1 State Funded Compensation Increases $629,821,794 R
$52,607,506 NR

Provide funds to support salary increases for employees of State agencies, departments and universities, community college institutions, and public schools.

2 Public School Salary Increases

Certified Teaching, School Based Administrators and Non-certified Personnel in local Public Schools, State agency based Public Schools, and the NC School of Science and Math.

Teachers and Instructional Support - Funds are provided to support an experience based step increase for teachers and instructional support personnel (average salary increase of 1.86%) and a flat annual increase in the teacher salary schedule of $2,250 for Fiscal Year 2006-2007 (total average increase of 8%). Teachers and Instructional Support who are at the top of the experience based salary schedule will receive a one-time lump sum bonus equivalent to the average increase from Step 26 to Step 29 (1.55%).

Principals and Assistant Principals - Funds are provided to support an experience based step increase for school based administrators (average salary increase of 1.75%) and a flat annual increase in the school based administrator salary schedule of $2,250 for Fiscal Year 2006-2007 (total average increase of 7%). School based administrators who are at the top of the experience based salary schedule will receive a one-time lump sum bonus equivalent 2%.

All other Public School Personnel - Provide funds to support a 5% annual salary increase.

3 Community College Salary Increases

Faculty and Professional Staff - Provide funds to support a 6% annual salary increase and a 2% one-time bonus for full-time permanent Community College faculty and professional staff.

All other Community College Personnel - Provide funds to support a 5% annual salary increase.

4 University Salary Increases

EPA Faculty and EPA Non-faculty - Provide funds to support a 6% annual salary increase and a 2% one-time bonus for full-time permanent EPA faculty and EPA non-faculty.

All other University Personnel - Provide funds to support a 5% annual salary increase.

5 State Agency/Department Salary Increases

Provide funds to support a 5% annual salary increase for full-time permanent employees of State agencies and departments.

6 Fair Minimum Wage for Public School Non-certified Employees $8,582,073 R

Provide funds to support a minimum salary of at least $20,112 for all permanent, full-time non-certified Public School employees and to support proportionate increases to permanent full-time employees working schedules requiring less than 12-months service per year.

7 Division of Water Quality Salary Increases $1,177,000 R

Funding is provided to increase salaries by an additional 10% for all positions supported with funds appropriated from the General Fund in the Division of Water Quality under the Department of Environment and Natural Resources.

8 Retirement System Contributions $27,107,200 R

Increases the State's contribution for Fiscal Year 2006-07 to provide a 3% cost-of-living adjustment for retirees of the Teachers' and State Employees' Retirement System. This adjustment is funded in part with actuarial gains within the Retirement System.

9 Retirement System Payback

Continue the repayment of funds withheld from the Retirement System in FY 2001-2002 due to the budget crisis. This is the fourth installment of the five-year payback period. $30,000,000 NR

B. Debt Service

10 Adjustment to Debt Service Requirements

Reduces funds for debt service due to revised cash flow requirements and estimates for principal and interest payments. ($50,000,000) NR

C. Information Technology Fund

11 BEACON/SBIP-HR/Payroll System Replacement $7,260,523 R

$34,527,880 NR

50.75

Provides funds to the Information Technology Fund created by G.S. 147-33.72H for the Office of the State Controller to replace the State's aging human resources and payroll information systems with a new system, Building Enterprise Access for North Carolina's Core Operation Needs (BEACON)/State Business Infrastructure Program (SBIP). This appropriation supports phase one of the project, including system integration, staff training, software maintenance, and ITS data charges.

12 Information Technology Attorney Positions $298,826 R

Provides funds to the Information Technology Fund created by G.S. 147-33.72H to establish two attorney positions to assist Information Technology Services (ITS) with complex information technology procurements. 2.00

D. Trust Funds

13 Trust Fund for MH/DD/SAS and Bridge Funding Needs $5,000,000 NR

Provides funds for the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs to be used in accordance with G.S. 143-15.3D. In addition to this direct appropriation from the General Fund, a portion of the excise tax on alcohol will be redirected from General Fund revenues to the Trust Fund on a permanent basis. A total of $9.39 million is anticipated to be deposited in the Trust Fund from the alcohol excise tax for the 2006-07 fiscal year. A desription of this item can also be found in the Health and Human Services section of this report.

E. Other Reserves

14 Establish State Emergency Response Account $20,000,000 NR

Provides funds for the State Emergency Response Account, a new reserve in the General Fund. Funds in the account may be used for State disaster preparation and response programs in accordance with G.S. 166A-6.02.

15 Reserve for Heating and Cooling Assistance $10,000,000 NR

Provides funds to assist needy families with heating and cooling expenses associated with recent increases in utility and fuel costs.

16 Reserve for Legal Expenses $1,065,710 NR

Provides funds to pay legal expenses of the State, when in accordance with G.S. 147-17, the Attorny General advises the Governor that it is inpracticable for the office to provide legal services, or for litigation requiring specialized expertise, or where a conflict of interest prevents the Office of the Attorney General from representing the State.

Budget Changes	**$674,247,416**	R
	$103,201,096	NR
Total Position Changes	52.75	
Revised Total Budget	**$1,926,691,237**	

CAPITAL
Section M

Capital

GENERAL FUND

Department of Agriculture and Consumer Services

1 Rollins Laboratory - Bio Security Level 2 Conversion — $250,000 NR

Provides capital funds to convert a chemistry lab in Rollins Laboratory into a Bio Security Level 2 lab. This conversion will allow Rollins Laboratory to securely handle certain infectious diseases affecting animals.

Department of Crime Control and Public Safety

2 Emergency Management Operations Center — $8,500,000 NR

Provides capital funds for the design and construction of a new Emergency Operations Center that would be located in the lower level of the proposed National Guard Readiness Center. The Readiness Center received federal funds in FFY 2005-06 for planning and design. The National Guard expected to secure federal construction grants in FFY 2006-07 to complete the $30 million project. The Emergency Operations Center would consolidate most Raleigh-based Division of Emergency Management personnel in one building

Department of Environment and Natural Resources

3 Hickory Nut Gorge Expansion — $15,000,000 NR

Provides capital funds for land acquisitions and necessary improvements to expand the Chimney Rock tract of Hickory Nut Gorge State Park. The total planned expansion is 2,000 acres at a total cost of $30 million. DENR proposes funding the remaining land acquisitions with Clean Water Management Trust Fund, Natural Heritage Trust Fund, and Parks and Recreation Trust Fund monies.

4 Water Resources Development Projects — $20,000,000 NR

Provides funds for the state share of Water Resources Development Projects. Projects are specified in a special provision.

Information Technology Services

5 Secondary Statewide Data Center — $24,841,300 NR

Provides capital funds for land acquisition, design and construction of a 45,000 square foot data center in Rutherford County. The center would provide data recovery services for State agencies in times of disaster. The center would also provide additional capacity for IT operations across State agencies. ITS currently contracts for disaster recovery services.

UNC System - Board of Governors

6 UNC-Wilmington School of Nursing
Provides capital funds for the design and construction of an 80,000 square foot building for the School of Nursing. The General Assembly appropriated $500,000 in FY 2004-05 and $2,600,000 in FY 2005-06 for planning. — $27,000,000 NR

7 NC State Engineering Complex III
Provides capital funds for the design and construction of the third phase of relocating the School of Engineering to Centennial Campus. The 166,700 square foot facility would house the Departments of Mechanical and Aerospace Engineering and Biomedical Engineering. Total cost for this project is $69.7 million. The General Assembly appropriated $8.7 million to this project in FY 2005-06. — $61,000,000 NR

8 UNC-Charlotte Center City Classroom Building
Provides capital funds for the design and construction of a 150,000 square foot classroom building to house graduate and professional programs. Belk College of Business, the College of Architecture, and Lee College of Engineering will move to this downtown facility. — $45,827,400 NR

9 Western Carolina University School of Health/Gerontology Building
Provides capital planning funds for the School of Health and Gerontological Science building at WCU. Total estimated cost for this project is $46.2 million. — $2,402,661 NR

10 Center for Design Innovation
Provides capital funds to Winston Salem State University for the design and construction of the Center for Design Innovation, including facilities and infrastructure. — $3,500,000 NR

11 UNC-Chapel Hill Genomics Science Building
Provides capital funds for planning, design, and site work for a Genomics Science Building in the Science Complex South. The 210,000 square foot facility has an estimated total cost of $145,000,000. — $35,000,000 NR

12 UNC Hospitals at Chapel Hill Master Facilities Plan
Provides capital funds for UNC Hospitals and the UNC School of Medicine to develop a comprehensive master plan. — $3,000,000 NR

13 Dental Schools Planning
Provides capital planning funds for the expansion of the School of Dentistry at UNC-Chapel Hill and the establishment of a School of Dentistry at East Carolina University. — $7,000,000 NR

Total Appropriation to Capital — **$253,321,361 NR**

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

S 1

SENATE BILL 1741

Short Title: Modify Appropriations Act of 2005. (Public)

Sponsors: Senators Garrou, Dalton, Hagan; Albertson, Atwater, Berger of Franklin, Bland, Boseman, Clodfelter, Cowell, Dannelly, Dorsett, Graham, Holloman, Hoyle, Kerr, Kinnaird, Lucas, Malone, Purcell, Rand, Snow, Soles, Swindell, and Weinstein.

Referred to: Appropriations/Base Budget.

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005, TO ENACT AN EARLY REDUCTION IN THE SALES TAX RATE AND AN EARLY REDUCTION IN THE INCOME TAX RATE APPLICABLE TO MOST SMALL BUSINESSES, TO INCREASE THE MINIMUM WAGE, AND TO PROVIDE FOR THE FINANCING OF CONSTRUCTION OF PSYCHIATRIC HOSPITALS AND OTHER CAPITAL PROJECTS.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2006."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2007, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2006-2007 fiscal year.

Current Operations – General Fund	FY 2006-2007
EDUCATION	
Community Colleges System Office	$ 43,124,642
Department of Public Instruction	129,758,427
University of North Carolina – Board of Governors	
Appalachian State University	2,189
East Carolina University	
Academic Affairs	(1,589,622)
Health Affairs	0
Elizabeth City State University	(28,887)
Fayetteville State University	42,675
NC Agricultural and Technical University	(223,690)
North Carolina Central University	(312)
North Carolina School of the Arts	29,159
North Carolina State University	
Academic Affairs	(3,908,353)
Agricultural Extension	0
Agricultural Research	65,287
University of North Carolina at Asheville	(569,398)
University of North Carolina at Chapel Hill	
Academic Affairs	(846,370)
Health Affairs	(795,501)
Area Health Education Centers	0
University of North Carolina at Charlotte	(471,439)
University of North Carolina at Greensboro	(1,138)
University of North Carolina at Pembroke	(299,992)
University of North Carolina at Wilmington	(100,910)
Western Carolina University	(735,491)
Winston-Salem State University	0
General Administration	0
University Institutional Programs	140,629,097
Related Educational Programs	0
North Carolina School of Science and Mathematics	52,250
UNC Hospitals at Chapel Hill	0
Total	**$ 131,249,554**
HEALTH AND HUMAN SERVICES	
Department of Health and Human Services	
Office of the Secretary	$ (65,275,120)
Division of Aging	3,000,000
Division of Blind Services/Deaf/HH	75,000
Division of Child Development	35,465,513
Division of Education Services	828,548
Division of Facility Services	0
Division of Medical Assistance	(149,850,000)
Division of Mental Health	77,589,934
NC Health Choice	0
Division of Public Health	19,085,242
Division of Social Services	12,799,153

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education/Higher Education
Name of Committee

05/23/06
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Molly Ryan	NCSBA
Leanne Winner	NCSBA
Susan Harrison	WCPSS
Bryan Conrad	OSBM
Maurice Green	Charlotte-Mecklenburg Schools
Pam Leaman	OSBM
Elizabeth Groves-Kuhn	OSBM
Kristin Cuesson	OSBM
Jim Stegall	NCLS - union county public schools
Peyton Myers	CMS
Allen Nevers	Public School Forum
Katherine Joyce	NCASA
Ann McArthur	Governor's Office

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Michael Houser	NCAE
[illegible]	Bode Call & Stroupe
Ryan D Boyles	NCCCS
[illegible]	NCICU
[illegible]	QR
Ginger Burks	UNC
Mark Fleming	UNC
RSS Nelson	UNC
Shannon Blosser	Pope Center
Burton Sawrey	Phil Berger's (Senator) office
DAVID DUNN	UNC CHARLOTTE GO NINERS!

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Phil Price	DPI
Ellen Eaves	PCNC
[illegible]	Lee Wealth Schools
[illegible]	NCACC
[illegible]	CMS
John Goodman	NCCRI
John McHugh	Governor's Office
Kristin Kelly	gov. office
[illegible]	NCACC

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Amanda Lilley	Intern - Sen Garron
Hal Miller	NCFACT
Kerry Haworth	FGHS
Bryan Wynn	NCCCS
Steve Shaber	Poyner + Spruill
Mary Dory	UF
Emily Jamerson	ENGR/CASNR
Joann Stern	NCAHP
BRIAN LEWIS	Covenant
Cecil Bell	NCAE
Mark Johnson	The Charlotte Observer

House Appropriations Subcommittee on Education
Agenda

May 25, 2006
Room 421, Legislative Office Building
Rep. Tolson, Presiding

I. Welcome

II. Hearing and explanation of all bills remaining in committee

III. Discussion

IV. Adjourn

Minutes

HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Thursday, May 25, 2006
8:30 A. M.

The House Appropriations Subcommittee on Education met on Thursday, May 25, 2006, in room 421 of the Legislative Office Building at 8:30 A.M.

The following Representatives were present: Jeffus, Tolson, and Carney, Chairs; and Johnson, Rapp, Hilton, Bell, Cleveland, Fisher, 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 at 8:30 A.M. and announced that the Committee would hear a number of bills. He requested that explanations be brief as there is a long list.

House Bill 1862, AN ACT TO APPROPRIATE FUNDS TO ENABLE RURAL DEAF SCHOOL-AGED CHILDREN WITH COCHLEAR IMPLANTS TO MAXIMIZE THEIR LANGUARE AND EDUCATIONAL OPPORTUNITIES. Representative McLawhorn explained the bill.

House Bill 2108, AN ACT TO APPROPRIATE FUNDS FOR CAPITAL IMPROVEMENTS AT PITT COMMUNITY COLLEGE AND BEAUFORD COUNTY COMMUNITY COLLEGE. Representative McLawhorn explained the bill.

House Bill 2297, AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA FOR DENTAL SCHOOLS AT THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL AND EAST CAROLINA UNIVERSITY. Representative McLawhorn presented an overview of the bill.

House Bill 2107, AN ACT TO APPROPRIATE FUNDS FOR THE DAVIE CAMPUS OF DAVIDSON COUNTY COMMUNITY COLLEGE. Representative Howard explained the bill.

House Bill 2349, AN ACT TO APPROPRIATE FUNDS FOR EXPANSION OF THE NURSING PROGRAM AT RANDOLPH COMMUNITY COLLEGE. The legislation was explained by Representative Brubaker.

House Bill 2237, AN ACT TO APPROPRIATE FUNDS TO LENOIR COMMUNITY COLLEGE FOR THE CONSTRUCTION OF A NEW CAMPUS IN JONES COUNTY. Explanation was given by Representative Wainwright.

House Bill 2007, AN ACT TO APPROPRIATE FUNDS FOR THE CONSTRUCTION OF A HEALTH SCIENCES BUILDING ON THE CAMPUS OF MONTGOMERY COMMUNITY COLLEGE. Overview was presented by Representative Goodwin.

House Bill 1927, AN ACT TO APPROPRIATE FUNDS TO ENSURE ADEQUATE FIRE PROTECTION SERVICES AT THE UNIVERSITY OF NORTH CAROLINA AT PEMBROKE. Representative Yongue could not be here to present this bill so Chair Tolson presented an overview as well as Richard Bostick, Staff member of committee.

House Bill 1954, AN ACT TO APPROPRIATE FUNDS TO THE STATEWIDE PROGRAM FOR INFECTION CONTROL AND EPIDEMIOLOGY, AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON HEALTH CARE. L. Representative Allen presented an overview.

House Bill 1966, AN ACT TO APPROPRIATE FUNDS FOR CHILDREN WITH DISABILITIES. The bill was explained by Representative Glazier.

House Bill 1967, AN ACT TO APPROPRIATE FUNDS TO THE CAPE FEAR COMMUNITY COLLEGE FOR MARINE TECHNOLOGY RESEARCH VESSEL. Representative Wright and Representative McComas spoke on the bill.

House Bill 2139, AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA FOR THE DESIGN AND CONSTRUCTION OF A FACILITY FOR THE SCHOOL OF NURSING AT THE UNIVERSITY OF NORTH CAROLINA AT WILMINGTON. Representative Wright presented the bill.

House Bill 2141, AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA FOR SCIENCE LABORATORY AT THE UNIVERSITY OF NORTH CAROLINA AT WILMINGTON. Representative Wright presented the bill.

House Bill 1879, AN ACT TO APPROPRIATE FUNDS TO EXPAND THE NORTH CAROLINA SCIENCE OLYMPIAD TO ALL ONE HUNDRED COUNTIES. Representative Glazier presented the bill.

House Bill 1909, AN ACT TO IMPLEMENT A RECOMMENDATION OF THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE TO APPROPRIATE FUNDS TO DEVELOP AND IMPLEMENT A PILOT PROGRAM TO PROVIDE CLASSES IN FOREIGN LANGUAGES CURRENTLY NOT TAUGHT

AND IN THE CULTURE, GEOGRAPHY, POLITICAL, LEGAL, AND ECONOMIC SYSTEMS OF COUNTRIES WHERE THOSE LANGUAGES ARE SPOKEN. Representative Glazier spoke on the bill.

House Bill 1866, AN ACT TO APPROPRIATE FUNDS FOR AN ADDITIONAL EDUCATIONAL OUTREACH DIRECTOR POSITION IN THE DIVISION OF STATE LIBRARY. An overview was given by Representative Glazier.

House Bill 1984, AN ACT TO APPROPRIATE FUNDS TO THE CUMBERLAND COUNTY SCHOOLS FOR A CULTURAL ARTS AND BALLROOM DANCE PROGRAM THAT FOCUSES ON AT-RISK CHILDREN. Representative Glazier presented the bill.

House Bill 1969, AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA TO HELP ESTABLISH THE HICKORY CENTER FOR ENGINEERING TECHNOLOGY AND THE DEVELOPMENT OF ENGINEERING TECHNOLOGY PROGRAMS TO BE OFFERED BY THE CENTER. Representative Hilton explained the bill.

House Bill 2357, AN ACT TO APPROPRIATE FUNDS FOR PROJECTS AT HAYWOOD COMMUNITY COLLEGE. An overview was given by Representative Rapp.

House Bill 2085, AN ACT TO APPROPRIATE FUNDS TO PURCHASE COMPUTERS FOR THE TECHNICAL HIGH SCHOOL IN GASTON COUNTY. The bill was explained by Representative Current.

House Bill 2086, AN ACT TO APPROPRIATE FUNDS TO THE GASTON COUNTY LITERACY COUNCIL FOR OPERATING EXPENSES. Representative Current presented an overview.

House Bill 2377, AN ACT TO APPROPRIATE FUNDS FOR THE WINSTON-SALEM STATE UNIVERSITY GRANDPARENTING PROGRAM AND FAMILY RESOURCE CENTER. Representative Brown presented an overview.

House Bill 2263, AN ACT TO APPROPRIATE FUNDS TO THE NORTHAMPTON COUNTY EDUCATION FOUNDATION, INC., TO RECRUIT HIGHLY QUALIFIED TEACHERS AND TO REWARD OUTSTANDING STUDENTS. The overview was given by Representative Wray.

House Bill 2210, AN ACT TO APPROPRIATE FUNDS TO ESTABLISH AN AMMONIA REGRIGERATION PROGRAM AT SAMPSON COMMUNITY COLLEGE. Representative Bell presented the bill and introduced Mr. Bill Atkin of the college to speak on the request for funds.

House Bill 2230, AN ACT TO APPROPRIATE FUNDS FOR PUBLIC SAFETY TRAINING CENTER AT WAKE TECHNICAL COMMUNITY COLLEGE. Representative Coleman presented the bill.

House Bill 2347, AN ACT TO APPROPRIATE FUNDS TO ESTABLISH THE NORTH CAROLINA VITICULTURE AND ENOLOGY CENTER ON THE CAMPUS OF SURRY COMMUNITY COLLEGE. Was explained by Representative Harrell.

House Bill 2383, AN ACT TO APPROPRIATE FUNDS FOR THE OPERATION OF THE CENTER FOR UNIVERSAL DESIGN AT NORTH CAROLINA STATE UNIVERSITY. Representative Nye was unable to attend; therefore, Chair Tolson explained the request.

House Bill 2334, AN ACT TO APPROPRIATE FUNDS FOR EQUIPMENT FOR SCIENCE LABS AT THE COLLEGE OF THE ALBEMARLE. Chair Tolson presented the bill for Representative Owens.

House Bill 2220, AN ACT TO APPROPRIATE FUNDS FOR THE DEVELOPMENT OF A CENTER OF EXCELLENCE FOR TECHNOLOGY ON THE MACON COUNTY CAMPUS OF SOUTWESTERN COMMUNITY COLLEGE. In absence of Representative Nye, Chair Tolson explained the request for funds.

Chair Tolson stated that if one takes the time to file a bill then they should be heard. You have bills that pertain to your area but with so much money involved they need to prioritized as to which is most important as we move forward with these issues.

House Bill 2423, AN ACT TO REPEAL A BUDGET PROVISION GRANTING IN-STATE TUITION TO CERTAIN FULL SCHOLARHSIP STUDENTS. Representative Cleveland presented the bill to the committee. The appropriations chairs asked that sponsors prioritize their bills in order to rank their importance. The bills are to your area.

Watch the E-mail for the next meeting notice. Chair Tolson adjourned the meeting at 9:25 A. M.

The Sergeant-at-Arms/Page list, Visitor Registration Sheets and House Bills presented are attached and made part of the minutes.

Respectfully submitted,

Representative Joe P. Tolson
Presiding Chair

Mary Lee Robinson
Committee Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1862

Short Title:	ECU Auditory Learning Center Funds.	(Public)
Sponsors:	Representatives McLawhorn, Warren, Farmer-Butterfield, Tolson (Primary Sponsors); and Harrison.	
Referred to:	Appropriations.	

May 11, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO ENABLE RURAL DEAF SCHOOL-AGED CHILDREN WITH COCHLEAR IMPLANTS TO MAXIMIZE THEIR LANGUAGE AND EDUCATIONAL OPPORTUNITIES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of two hundred thousand dollars ($200,000) for the 2006-2007 fiscal year to fund a project by the East Carolina University Health Sciences Division. The purpose of the project would be to enable deaf children with cochlear implants to maximize their potential to develop spoken language. These funds shall be used to: (i) train teachers and therapists in the eastern region to work with deaf school-age children with cochlear implants; (ii) coordinate educational planning between the clinical team and the school system; and (iii) establish an advanced technological communication network to provide expedited access for educators and therapists to informational and training resources.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2108

Short Title:	Pitt & Beaufort County CC Capital Funds.	(Public)
Sponsors:	Representatives Williams, McLawhorn, Tolson, and Warren (Primary Sponsors).	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR CAPITAL IMPROVEMENTS AT PITT COMMUNITY COLLEGE AND BEAUFORT COUNTY COMMUNITY COLLEGE.

Whereas, the William E. Fulford Building houses the health sciences technical career programs on the campus of Pitt Community College; and

Whereas, Pitt Community College offers many health sciences programs, including the Associate Degree of Nursing, Respiratory Care Technology, Radiological Technology, Nuclear Medicine, Cardiovascular and Medical Diagnostic Sonography, Imaging Technology, Phlebotomy, and Occupational Therapy Assistant; and

Whereas, various Pitt County employers, including Pitt County Memorial Hospital, University Health Systems of Eastern Carolina, Physicians East, and other local and regional health care providers, have expressed an interest in new and expanded employment needs for health care professionals; and

Whereas, student enrollment has risen substantially in the health sciences curriculum program at Pitt Community College, rising from 1,100 students in 2001 to over 1,600 in 2004; and

Whereas, an addition to the Fulford Building would help Pitt Community College meet the demand of its growing health sciences technical career programs; and

Whereas, Beaufort County Community College serves a rural, and historically economically disadvantaged, service area consisting of Beaufort, Hyde, Tyrrell, and Washington counties; and

Whereas, the Wallace-Eakes Building on the campus of Beaufort County Community College houses services and operations essential to the instruction of and support for students; and

Whereas, among those essential services and operations are the Learning Resource Center, Student Support Services, Audio Visual/Electronic Distance Learning,

and Educational Media/Graphics Services, and Planning and Instructional Effectiveness; and

Whereas, professional assessment has determined significant life-safety and construction issues exist with the lower level of the Wallace-Eakes Building; and

Whereas, complete renovation of the lower level of the Wallace-Eakes Building will ensure continuation of essential services and operations and a safe and energy efficient environment; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Community Colleges System Office the sum of three million five hundred thousand dollars ($3,500,000) for the 2006-2007 fiscal year to be allocated to Pitt Community College for partial funding for the expansion of the William E. Fulford Health Sciences Building, which will be used to help meet the demands of increased student enrollment in the college's health sciences programs.

SECTION 2. There is appropriated from the General Fund to the North Carolina Community Colleges System Office the sum of two million dollars ($2,000,000) for the 2006-2007 fiscal year to be allocated to Beaufort County Community College for capital improvements to the Wallace-Eakes Building.

SECTION 3. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2297*

Short Title:	ECU & UNC-CH Dental School Funds.	(Public)
Sponsors:	Representatives McLawhorn, Warren, Williams, Tolson (Primary Sponsors); B. Allen, Coleman, Faison, Insko, Ed Jones, and Underhill.	
Referred to:	Appropriations.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA FOR DENTAL SCHOOLS AT THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL AND EAST CAROLINA UNIVERSITY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of seven million dollars ($7,000,000) for the 2006-2007 fiscal year to develop further the joint plan for dental education and dental outreach in North Carolina developed by the University of North Carolina at Chapel Hill and East Carolina University and approved by the Board of Governors to serve the needs of the citizens of the State. The plan endorses the expansion of the size of the dental school at the University of North Carolina at Chapel Hill and endorses the planning of a new dental school and outreach service/learning sites at East Carolina University, subject to program approval by the Board of Governors.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2107

Short Title:	Davie Campus of DCCC Funds.	(Public)
Sponsors:	Representative Howard.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE DAVIE CAMPUS OF DAVIDSON COUNTY COMMUNITY COLLEGE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Community Colleges System Office the sum of eight hundred thousand dollars ($800,000) for the 2006-2007 fiscal year to be allocated to Davidson County Community College to expand its Distance Learning Program, outfit its welding laboratory, and equip its nursing laboratory.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2349

Short Title:	Nursing Prog. Funds/Randolph Comm. Coll.	(Public)
Sponsors:	Representatives Brubaker; and Culp.	
Referred to:	Appropriations.	

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR EXPANSION OF THE NURSING PROGRAM AT RANDOLPH COMMUNITY COLLEGE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Community Colleges System Office the sum of one million dollars ($1,000,000) for the 2006-2007 fiscal year for expansion of the nursing program at Randolph Community College.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2237

Short Title:	Lenoir CC/Jones County Facility Funds.	(Public)
Sponsors:	Representatives Wainwright and Preston (Primary Sponsors).	
Referred to:	Appropriations.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO LENOIR COMMUNITY COLLEGE FOR THE CONSTRUCTION OF A NEW CAMPUS IN JONES COUNTY.

Whereas, Lenior Community College has made plans to construct a new campus in Jones County; and

Whereas, the new Jones County facility will have space for classrooms, a JobLink Center, computer labs, and conference area; and

Whereas, the new facility will provide citizens of Jones County and surrounding areas with better job opportunities by increasing their competitiveness in the job market; and

Whereas, Jones County has committed $250,000 toward the project and Lenior Community College has committed $1,000,000 and purchased 10 acres of land; and

Whereas, State funds are needed to make these plans come to fruition; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Community Colleges System Office the sum of one million dollars ($1,000,000) for the 2006-2007 fiscal year to be allocated to Lenoir Community College for the construction of a new campus in Jones County.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2007

Short Title:	Montgomery Comm. Coll. Building Funds.	(Public)
Sponsors:	Representative Goodwin.	
Referred to:	Appropriations.	

May 16, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE CONSTRUCTION OF A HEALTH SCIENCES BUILDING ON THE CAMPUS OF MONTGOMERY COMMUNITY COLLEGE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Community Colleges System Office the sum of three million one hundred thousand dollars ($3,100,000) for the 2006-2007 fiscal year for the construction of a Health Sciences Building on the campus of Montgomery Community College.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1927

Short Title:	Fire Protection Funds for UNC Pembroke.	(Public)
Sponsors:	Representatives Yongue, Sutton, Pierce (Primary Sponsors); Glazier and B. Allen.	
Referred to:	Appropriations.	

May 15, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO ENSURE ADEQUATE FIRE PROTECTION SERVICES AT THE UNIVERSITY OF NORTH CAROLINA AT PEMBROKE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of seven hundred fifty thousand dollars ($750,000) for the 2006-2007 fiscal year. These funds shall be allocated as a grant-in-aid to the Pembroke Rural Volunteer Fire Department, Inc., and used to purchase a 100-foot aerial fire truck and equipment to ensure adequate fire protection services to the University of North Carolina at Pembroke.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1954

Short Title:	SPICE Funds.	(Public)
Sponsors:	Representatives L. Allen, Nye, Wright, England (Primary Sponsors); Ross, Current, Tucker, Insko, Bordsen, Carney, Dickson, Faison, Farmer-Butterfield, Fisher, Glazier, Ed Jones, Luebke, Rapp, Underhill, Wainwright, and Weiss.	
Referred to:	Appropriations.	

May 15, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE STATEWIDE PROGRAM FOR INFECTION CONTROL AND EPIDEMIOLOGY, AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON HEALTH CARE.

Whereas, approximately 200,000 people, or 5% of those hospitalized each year, develop hospital acquired infections; and

Whereas, these infections result in approximately 90,000 deaths and $6.5 billion dollars in additional health care costs annually; and

Whereas, the Statewide Program for Infection Control and Epidemiology (SPICE) provides educational programs for infection control professionals in hospitals and for long-term care personnel, conducts infection control workshops at community hospitals, area health education centers, and other health care facilities in the State, provides investigative and consulting services to health care facilities and professionals, offers instruction at the School of Medicine at the University of North Carolina at Chapel Hill, and develops and publishes State guidelines for disease control for illnesses such as SARS, Avian Influenza, antibiotic resistant organisms, and bioterrorist and chemical agents, and provides other infection control and epidemiological-related services; and

Whereas, high quality infection control programs such as those which SPICE has helped to implement at hospitals and other health care facilities prevent infections, add to patient safety, improve the quality care,and reduce health care costs; and

Whereas, expansion of the SPICE program would help ensure that all North Carolina hospitals and health care facilities have high quality infection control programs and would allow SPICE to provide additional collaborative assistance to hospitals as they implement new infection control interventions, conduct on-site infection control rounds, prepare ideal draft infection control policies and make them available on the

Internet, and provide hospital infection control in-services on a rotating basis; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the School of Medicine at the University of North Carolina at Chapel Hill the sum of six hundred sixty-three thousand dollars ($663,000) for fiscal year 2006-2007 to be allocated to the Statewide Program for Infection Control and Epidemiology.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1966

Short Title:	Extra Funds for Children With Disabilites.	(Public)
Sponsors:	Representatives Glazier, B. Allen, Bell, Parmon (Primary Sponsors); Adams, Alexander, L. Allen, Bordsen, Carney, Culp, Dickson, England, Farmer-Butterfield, Harrison, Insko, Johnson, Justus, Lucas, Luebke, Martin, McAllister, Pierce, Preston, Rapp, Ross, Wainwright, Weiss, Wiley, and Womble.	
Referred to:	Appropriations.	

May 15, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR CHILDREN WITH DISABILITIES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the State Board of Education for children with disabilities the sum of ten million nine hundred eighty-one thousand seven hundred seventy-six dollars ($10,981,776) for the 2006-2007 fiscal year in order to increase the per child with disabilities allocation.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1967

Short Title:	Marine Tech. Research Vessel Funds.	(Public)
Sponsors:	Representatives Wright, McComas, Justice (Primary Sponsors); and Stiller.	
Referred to:	Appropriations.	

May 15, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE CAPE FEAR COMMUNITY COLLEGE FOR MARINE TECHNOLOGY RESEARCH VESSEL.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Community Colleges System Office the sum of seven million dollars ($7,000,000) for the 2006-2007 fiscal year. These funds shall be used for replacement of the R/V Dan Moore, a 30-meter fisheries research vessel used for marine technology programs at Cape Fear Community College.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2139*

Short Title:	Funds for School of Nursing at UNC-W.	(Public)
Sponsors:	Representatives Wright, McComas, Justice (Primary Sponsors); and Stiller.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA FOR THE DESIGN AND CONSTRUCTION OF A FACILITY FOR THE SCHOOL OF NURSING AT THE UNIVERSITY OF NORTH CAROLINA AT WILMINGTON.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of twenty-six million dollars ($26,000,000) for the 2006-2007 fiscal year to be allocated to the University of North Carolina at Wilmington for the design and construction of a new facility for its School of Nursing.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2141*

Short Title:	Funds for UNC-W Science Lab.	(Public)
Sponsors:	Representatives Wright, McComas, Justice (Primary Sponsors); and Stiller.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA FOR A SCIENCE LABORATORY AT THE UNIVERSITY OF NORTH CAROLINA AT WILMINGTON.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one million six hundred thousand dollars ($1,600,000) for the 2006-2007 fiscal year to plan and design a new science laboratory building at the University of North Carolina at Wilmington.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1879

Short Title:	North Carolina Science Olympiad Funds.	(Public)
Sponsors:	Representatives Glazier, Dickson, McAllister, Weiss (Primary Sponsors); Bordsen, Carney, Coleman, Faison, Fisher, Harrison, Luebke, Underhill, and Warren.	
Referred to:	Appropriations.	

May 11, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO EXPAND THE NORTH CAROLINA SCIENCE OLYMPIAD TO ALL ONE HUNDRED COUNTIES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Science Olympiad, a nonprofit organization, the sum of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year to expand the Science Olympiad to all 100 counties, sponsor at least 15 regional tournaments, increase the number of schools participating, and provide a State director to coordinate the program. The Science Olympiad improves the quality of science and technology education by providing a rigorous academic interscholastic competition that consists of a series of team events for which students prepare throughout the year.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 1909

Short Title:	New Foreign Lang. in Schools/Pilot Program.	(Public)
Sponsors:	Representatives Glazier, Tolson, Bell, Carney (Primary Sponsors); Alexander, Barnhart, Fisher, Harrison, Luebke, Parmon, Vinson, Wainwright, and Weiss.	
Referred to:	Appropriations.	

May 15, 2006

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT A RECOMMENDATION OF THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE TO APPROPRIATE FUNDS TO DEVELOP AND IMPLEMENT A PILOT PROGRAM TO PROVIDE CLASSES IN FOREIGN LANGUAGES CURRENTLY NOT TAUGHT AND IN THE CULTURE, GEOGRAPHY, POLITICAL, LEGAL, AND ECONOMIC SYSTEMS OF COUNTRIES WHERE THOSE LANGUAGES ARE SPOKEN.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Public Instruction the sum of one million dollars ($1,000,000) for the 2006-2007 fiscal year to establish and implement a pilot program in six local school administrative units to offer classes in which instruction is provided (i) in foreign languages currently not taught in the public schools, (ii) on the culture, geography, political, legal, and economic systems of the countries where those languages are spoken, and (iii) on the Internet in order to make these classes available to other local school administrative units.

The State Board of Education, with the assistance of the Department of Public Instruction, shall select pilot local school administrative units that are distributed geographically throughout the State. Up to two high schools in each pilot unit shall implement the program. Classes shall begin in the second semester of the 2006-2007 school year.

The State Board of Education shall approve the curriculum for the pilot program and for the Internet courses on an expedited basis.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1866

Short Title:	Educational Outreach Director Position Funds.	(Public)
Sponsors:	Representatives Glazier, Lucas, Dickson, Bordsen (Primary Sponsors); Adams, Alexander, Carney, Harrison, Luebke, and Underhill.	
Referred to:	Appropriations.	

May 11, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR AN ADDITIONAL EDUCATIONAL OUTREACH DIRECTOR POSITION IN THE DIVISION OF STATE LIBRARY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Cultural Resources, Division of State Library, the sum of seventy-five thousand dollars ($75,000) for the 2006-2007 fiscal year for an additional educational outreach director position.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1984

Short Title:	Funds for Arts/Dance Prog. in Cumberland Co.	(Public)
Sponsors:	Representative Glazier.	
Referred to:	Appropriations.	

May 16, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE CUMBERLAND COUNTY SCHOOLS FOR A CULTURAL ARTS AND BALLROOM DANCE PROGRAM THAT FOCUSES ON AT-RISK CHILDREN.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Cumberland County Schools the sum of five thousand dollars ($5,000) for the 2006-2007 fiscal year to continue an elementary school cultural arts and ballroom dance program that focuses on at-risk children.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 1969*

Short Title:	Hickory Ctr. for Engineering Tech./Funds.	(Public)
Sponsors:	Representatives Hilton, Hollo, Setzer (Primary Sponsors); and Barnhart.	
Referred to:	Appropriations.	

May 15, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA TO HELP ESTABLISH THE HICKORY CENTER FOR ENGINEERING TECHNOLOGY AND THE DEVELOPMENT OF ENGINEERING TECHNOLOGY PROGRAMS TO BE OFFERED BY THE CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one million seven hundred sixty thousand dollars ($1,760,000) for the 2006-2007 fiscal year to help establish the Hickory Center for Engineering Technology and to support the use of two adjoining buildings in Hickory for the development of engineering technology programs. Of the funds appropriated by this act, the sum of one million one hundred thousand dollars ($1,100,000) shall be used for nonrecurring costs, and the sum of six hundred sixty thousand dollars ($660,000) shall be used for recurring costs.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2357

Short Title:	Funds for Haywood Comm. Coll.	(Public)
Sponsors:	Representatives Rapp and Haire (Primary Sponsors).	
Referred to:	Appropriations.	

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR PROJECTS AT HAYWOOD COMMUNITY COLLEGE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Community Colleges System Office the sum of three hundred fifty thousand dollars ($350,000) for the 2006-2007 fiscal year to establish a simulated nursing lab in collaboration with regional health care providers at Haywood Community College.

SECTION 2. There is appropriated from the General Fund to the Community Colleges System Office the sum of one million two hundred thousand dollars ($1,200,000) for the 2006-2007 fiscal year to enable Haywood Community College to integrate the elements of (i) design, creativity, and innovation, (ii) entrepreneurship, and (iii) green conservation and sustainability, throughout its programs and operations. These funds shall be used to provide curriculum research and development, membership to key professional organizations, training and certification of faculty within different instructional programs, public awareness, instructional delivery methodologies, and design and consultant work for the grounds, buildings, and programs. This will position the college as the launch pad for new business and economic development and as a regional leader in design, entrepreneurship, and green principles of stewardship and economic growth.

SECTION 3. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2085*

Short Title:	Gaston High School Computer Funds.	(Public)
Sponsors:	Representatives Clary, Current, and Rayfield (Primary Sponsors).	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO PURCHASE COMPUTERS FOR THE TECHNICAL HIGH SCHOOL IN GASTON COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Gaston County School Administrative Unit the sum of two hundred fifty thousand dollars ($250,000) for the 2006-2007 fiscal year to purchase computers for the technical high school in the county.

SECTION 2. This act becomes effective July 1, 2006.

H 1

HOUSE BILL 2086*

Short Title:	Gaston Literary Council Funds.	(Public)
Sponsors:	Representatives Clary, Current, and Rayfield (Primary Sponsors).	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE GASTON COUNTY LITERACY COUNCIL FOR OPERATING EXPENSES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Gaston County Literacy Council, Inc., a nonprofit organization, the sum of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year for operating expenses.

SECTION 2. This act becomes effective July 1, 2006.

H 1

HOUSE BILL 2377

Short Title:	WSSU Grandparenting Program.	(Public)
Sponsors:	Representatives Brown, Parmon, and Womble (Primary Sponsors).	
Referred to:	Appropriations.	

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE WINSTON-SALEM STATE UNIVERSITY GRANDPARENTING PROGRAM AND FAMILY RESOURCE CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of five thousand dollars ($5,000) for the 2006-2007 fiscal year to provide support for the Grandparenting Program and Family Resource Center at Winston-Salem State University. These funds shall be used to give low-income individuals raising grandchildren the opportunity to send these children to a weeklong day camp.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2263

Short Title:	Northampton Cty/Education Funds.	(Public)
Sponsors:	Representative Wray.	
Referred to:	Appropriations.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE NORTHAMPTON COUNTY EDUCATION FOUNDATION, INC., TO RECRUIT HIGHLY QUALIFIED TEACHERS AND TO REWARD OUTSTANDING STUDENTS.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Northampton County Education Foundation, Inc., the sum of ten thousand dollars ($10,000) for the 2006-2007 fiscal year to provide recruitment incentives to highly qualified teachers, to support teachers with the Mini-Grant Program and the Teacher of the Year Celebration, and to reward students for high achievement and good behavior.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2210*

Short Title:	Ammonia Refrigeration Prog/Sampson Comm. Coll.	(Public)
Sponsors:	Representatives Bell; and Langdon.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO ESTABLISH AN AMMONIA REFRIGERATION PROGRAM AT SAMPSON COMMUNITY COLLEGE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Community Colleges System Office the sum of one million dollars ($1,000,000) for the 2006-2007 fiscal year to establish an ammonia refrigeration program at Sampson Community College.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2230

Short Title:	Public Safety Training Safety Center Funds.	(Public)
Sponsors:	Representatives Coleman, B. Allen (Primary Sponsors); Adams, Dollar, Martin, Ross, and Weiss.	
Referred to:	Appropriations.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR A PUBLIC SAFETY TRAINING CENTER AT WAKE TECHNICAL COMMUNITY COLLEGE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Community Colleges System Office the sum of three million dollars ($3,000,000) for the 2006-2007 fiscal year for the construction of a Public Safety Training Center on the campus of Wake Technical Community College. This training center will provide a centralized location for the training of law enforcement officers, firefighters, and other first responders, as well as the public, in a variety of subjects, including terrorism awareness, weapons of mass destruction, and incident command system, and will include a forensic laboratory offering training in traditional and computer forensic investigation.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2347

Short Title:	NC Viticulture/Enology Center Funds.	(Public)
Sponsors:	Representatives Harrell; and Womble.	
Referred to:	Appropriations.	

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO ESTABLISH THE NORTH CAROLINA VITICULTURE AND ENOLOGY CENTER ON THE CAMPUS OF SURRY COMMUNITY COLLEGE.

Whereas, grape growing has proven to be a viable agricultural alternative, yielding a profit margin comparable with tobacco; and

Whereas, Surry Community College offers a degree, diploma, and certificate in viticulture/enology and provides the only two-year degree program on the East Coast; and

Whereas, Surry Community College provides applied research, demonstration, consultation, evaluation, technical support, and workforce development for vineyard and winery owners; and

Whereas, Surry Community College is located in the center of the Yadkin Valley Appellation, the only designated American Viticulture Area in North Carolina; and

Whereas, plans have been made to establish the North Carolina Center for Viticulture and Enology on the campus of Surry Community College; and

Whereas, the North Carolina Viticulture and Enology Center will house a state-of-the-art bonded winery for producing quality wines, classrooms, offices, a resource library, a climate-controlled wine cellar, and an auditorium for seminars, conventions, and conferences; and

Whereas, the North Carolina Viticulture and Enology Center will serve as a teaching laboratory and demonstration model for the wine industry; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Community Colleges System Office the sum of seven million five hundred thousand dollars ($7,500,000) for the 2006-2007 fiscal year to establish the North Carolina Center for Viticulture and Enology on the campus of Surry Community College.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2383

Short Title:	NCSU Center for Universal Design Funds.	(Public)
Sponsors:	Representatives Nye; Ross and Weiss.	
Referred to:	Appropriations.	

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE OPERATION OF THE CENTER FOR UNIVERSAL DESIGN AT NORTH CAROLINA STATE UNIVERSITY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year in recurring funds to replace federal funding for the operation of the Center for Universal Design within the College of Design at North Carolina State University.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2334

Short Title:	Equipment Funds/College of the Albemarle.	(Public)
Sponsors:	Representative Owens.	
Referred to:	Appropriations.	

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR EQUIPMENT FOR SCIENCE LABS AT THE COLLEGE OF THE ALBEMARLE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Community Colleges System Office the sum of two hundred fifty thousand dollars ($250,000) for the 2006-2007 fiscal year for equipment for expansion of the science labs used for allied health programs at the College of the Albemarle.

SECTION 2. This act becomes effective July 1, 2006.

H 1

HOUSE BILL 2220

Short Title:	Southwestern CC Technology Ctr. Funds.	(Public)
Sponsors:	Representative Haire.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE DEVELOPMENT OF A CENTER OF EXCELLENCE FOR TECHNOLOGY ON THE MACON COUNTY CAMPUS OF SOUTHWESTERN COMMUNITY COLLEGE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Community Colleges System Office the sum of one million eight hundred twenty-three thousand two hundred thirty-nine dollars ($1,823,239) for the 2006-2007 fiscal year to be allocated to Southwestern Community College for the development of a Center of Excellence for Technology Enhanced Learning on the Macon County campus and for technology support on the Jackson and Swain County campuses.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2423

Short Title:	Repeal Out-of-State Tuition Exemption.	(Public)
Sponsors:	Representatives Cleveland; Allred, Almond, Blackwood, Capps, Culp, Current, Dollar, Folwell, Frye, Goodwin, Holloway, Langdon, Pate, Rayfield, Stam, Starnes, Walend, and Wiley.	
Referred to:	Education.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO REPEAL A BUDGET PROVISION GRANTING IN-STATE TUITION TO CERTAIN FULL SCHOLARSHIP STUDENTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116-143.6, as enacted by Section 9.27 of S.L. 2005-276, is repealed.

SECTION 2. This act is effective when it becomes law.

HOUSE/SENATE PAGES

NAME OF COMMITTEE: APPROP. SUBCOM. ON EDUCATION **DATE:** _____

1. Name: Candace Davis
   County: Columbus
   Sponsor: Hill
2. Name: Casey Harris
   County: Columbus
   Sponsor: Hill
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

SERGEANT-AT-ARMS

1. Name: Martha Haddison
2. Name: Frank Hines
3. Name: _____
4. Name: _____
5. Name: _____

VISITOR REGISTRATION SHEET

Approp/Education — 5/25/06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susan Winn	NCCCS
Lenora Briggs	NCCCS
T Rayfield	Reg NC BOT
Rita L. Joyner	SBE
Mark Fleming	UNC System
John Boden	Boden Law
Terry Stoops	John Locke Foundation
Shannon Bosso	Pope Center
Jay O'Quinn	OSBM
Ann McArthur	Governor's office
Bill Ayers	President, Sampson Comm. Coll.
Ellen C. Reaves	PENC
Aaron Chang	Intern, Rep. Glazier

VISITOR REGISTRATION SHEET

App/Education — 5/25/06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Gary Salamido	GSK, Pub.
Jim Stegall	NCLS, Union County Public Schools
Kate Cross	OSBM
Pam Leaman	OSBM
Bryan Conrad	OSBM
Katherine Joyce	NCASA
Hope Williams	NCICU
Jo Ann Norris	Public Sch Forum
Elizabeth Swaim	OSBM
Cecil Banks	NCAE
Roz Savitt	NCCCS
Steve Shaber	Poyner & Spruill
Molly Ryan	NCSBA

VISITOR REGISTRATION SHEET

App/Education — 5/25/06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jami Fitzgerald	NCFPC
Michael Houser	NCAE
Brenda Ollis	LA (Rep. Rayfield)

House Appropriations Subcommittee on Education
Agenda

May 30, 2006
Room 421, Legislative Office Building
Representative Tolson , Presiding

I. Welcome

II. Staff Review of Senate Appropriations Subcommittee on Education Money Report

III. Discussion

IV. Adjourn

Minutes

HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Tuesday, May 30, 2006
9:00 A. M.

The House Appropriations Subcommittee on Education met on Tuesday, May 30, 2006, at 9:00 A.M. in room 421 of the Legislative Office Building.

The following Representatives were present: Jeffus, Tolson, and Carney, Chairs; and Johnson, Rapp, Hilton, Bell, Cleveland, Fisher, Parmon, and Pate, members. Mr. Adam Levinson, Mr. Richard Bostick, Ms. Jennifer Haygood and Ms. Kristine Leggett, Education Fiscal Research Division, were present.

Chair Jeffus called the meeting to order at 9:00 A.M. and introduced and welcomed the pages to the committee. She also introduced the Sergeant-At-Arms.

All the members were given a copy of the Senate Appropriations Subcommittee on Education Money Report, May 30, 2006. (Attachment 1)

Chair Jeffus introduced Mr. Adam Levinson to give an overview on the section, **Public Education**, pages F-1 through F-6.

Several questions from members of the committee were presented to Mr. Adam Levinson and he answered.

Chair Jeffus recognized Mr. Richard Bostick to discuss the **UNC System**, pages F-6 though F-10.

Ms. Jennifer Haygood picked up on page F-9 to finish the UNC System budget.

Mr. Richard Bostick and Ms. Jennifer Haygood answered the questions from the committee members.

The section on **Community Colleges,** pages F-11 through F-13, was presented by Ms. Kristine Leggett.

Chair Jeffus stated that they have not been given any additional new figures from the full chairs. We are still operating under the figures we were given when the joint budget was prepared.

Watch your E-mail for an announcement of a meeting to go over the Special Provisions.

There being no further business, the committee adjourned at 9: 55 A.M.

The Sergeant-at-Arms/Page list, Visitor Registration Sheets and Attachment 1, are attached and made part of the minutes.

Respectfully submitted,

Rep. Maggie Jeffus
Representative Maggie Jeffus
Presiding Chair

Mary Lee Robinson
Mary Lee Robinson
Committee Assistant

attachment 1

Senate Appropriations Subcommittee on Education
Money Report

May 30, 2006

Public Education

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$6,579,807,097**

Budget Changes

A. Adjustments & Transfers

1 Average Daily Membership (ADM) $76,299,816 R

Revises projected increase in ADM for FY 2006-07 to reflect 18,363 more students than originally projected. Dollar amount of adjustment includes increases in all position, dollar, and categorical allotments.

GOV, JOINT

Total funded ADM for FY 2006-07 is 1,435,475, an increase of 38,103 over FY 2005-06.

Due to a projected increase in ninth grade ADM, receipts from the Highway Fund budgeted for Driver's Education will increase by $457,971.

2 Budgeted Average Salary ($56,180,428) R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2005. Adjustment does not reduce any salary paid to certified personnel.

GOV, JOINT

3 Budget Receipts from NC Education Lottery for Class Size Reduction ($127,864,291) R

Budgets receipts from NC Education Lottery Fund to support class size reduction in accordance with statute.

GOV, JOINT

4 Transfer More at Four Program and Office of School Readiness

Effective July 1, 2006, transfers the More at Four Program and Office of School Readiness to the Department of Public Instruction (DPI). These transfers shall have all the elements of a Type I transfer, as defined by G.S. 143A-6.

GOV, SEN

5 Budget Receipts from NC Education Lottery for More at Four

Budgets $66,646,653 in receipts from NC Education Lottery Fund to support the More at Four program in accordance with statute. In addition, budgets an additional $17,989,056 from lottery proceeds to support the following program expansion: creation of 3,200 additional program slots, increased funding of $200 per slot for all 18,653 slots, and establishment of five new receipt-supported staff positions (More at Four: Educational Development & Planning Consultant II, Educational Consultant II, and Education Processing Assistant; DPI: Accounts Payable Clerk I, and Accountant I) who will perform monitoring, technical assistance, and financial management functions.

GOV, SEN

	FY 06-07	
6 Adjust Projection of Receipts from Civil Penalties & Forfeitures	$30,000,000	
GOV, SEN Provides funds to address adjusted projection of collections in the Civil Penalties & Forfeitures Fund. Revised amount of receipts budgeted from the Fund to support public schools operations in 2006-07 is $95,500,000.		
7 Budget Receipts from Teaching Fellows Trust Fund	($340,657)	R
SEN Budgets receipts from Teaching Fellows Trust Fund to support administration of Teaching Fellows Program. Reduces General Fund appropriation to Public School Forum accordingly.		
B. Expansion: State Public School Fund		
8 Restore Base Budget Funding	$44,291,248	R
JOINT Restores full base budget funding by eliminating the recurring LEA Discretionary Reduction.		
9 ABC Bonuses		
GOV, JOINT Funds ABC bonuses for schools that met or exceeded expected growth in the 2005-06 school year.	$90,000,000	NR
10 Disadvantaged Student Supplemental Funding (DSSF)	$26,697,440	R
GOV, JOINT Provides additional supplemental funding to be distributed to all LEAs to support their efforts to serve students who are the most at risk of academic failure. Beginning in 2006-07, all DSSF funds will be distributed based on a formula that takes into account each LEA's relative need. The sixteen LEAs receiving DSSF funds in 2005-2006 will receive no less than the DSSF amount allotted in 2005-2006.		
11 Evaluate Effectiveness of DSSF and Low Wealth	$500,000	NR
GOV, JOINT Provides additional funds to support comprehensive evaluation of: (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.		
12 Director of High School Turnaround	$122,350	R
GOV, JOINT Provides funds to establish a permanent position to coordinate technical assistance to school districts with high schools identified as critically low performing (performance composite below 60%).	1.00	
13 Learn and Earn Initiative	$8,232,388	R
	$1,533,360	NR
GOV, JOINT Expands the Learn and Earn initiative into an additional 19 high schools (bringing the total to 34). Provides planning grants to 20 additional high schools.		

	FY 06-07	
14 Small Specialty High Schools	$3,805,970	R
Expands the small specialty high school initiative by creating 21 new small specialty schools-within-schools at 11 new sites (bringing the respective totals to 32 schools at 19 sites). Provides planning grants at 10 small schools that intend to design instruction around the following curricula: science, technology, engineering, and/or math (STEM). Provides $261,680 to support four months of principal salary for each planning site prior to becoming operational in the 2007-08 school year. Any implementation grants for STEM schools shall come from non-State sources.	$661,680	NR
15 Literacy Coaches	$4,767,400	R
Provides funds to support 100 school-based literacy coaches to be placed in 100 schools that contain an eighth grade. Coaches will provide research-based teaching practices and job-embedded professional development to assist teachers in the development of specialized curricula.		
16 State Board of Education Operating Support	$50,000	NR
Provides additional funds to support operations of the expanded State Board of Education.		
17 Virtual High School	$2,588,722	R
Provides funds to support implementation of the NC Virtual Public Schools initiative. Funds provide for seven administrative and support positions, 22 three-month positions, and both one-time and ongoing operating support.	$189,132 7.00	NR
18 School Connectivity	$3,000,000	NR
Provides a reserve of funds to be used to upgrade public school connectivity as part of efforts to establish a comprehensive K-20 educational network. The State Board of Education, in collaboration with ITS, will determine through a competitive application process which LEAs will receive funding. Eligible uses of the funds include "last mile" connectivity and network infrastructure and security.		
19 Senior Project Initiative	$500,000	NR
Provides funding to support the implementation of senior projects as part of the high school exit standards. These funds shall be used for training LEA staff and teachers to implement this graduation requirement which was approved by the State Board of Education in 2004.		
20 Reserve for Fuel Costs	$16,361,485	NR
Provides funds to be used as needed in FY 2006-07 to support projected increased diesel fuel expenditures.		
21 Salary Supplement Pilot for Math and Science Teachers	$515,115	R
Provides funds for a salary supplement pilot to be developed by the State Board of Education. Three pilot LEAs will receive funds to provide a salary supplement of $15,000 for up to 10 newly hired math and/or science teachers at the middle and/or high school level.		

C. Expansion: Department of Public Instruction

22 Legacy System Migration and Upgrade

GOV, JOINT

Provides a reserve of funds to be used to bring DPI's information technology applications into compliance with statewide architecture requirements. DPI must obtain approval from the State Chief Information Officer prior to the expenditure of funds for this project. Funds may be carried forward into FY 2007-08. Any unused funds will revert to the General Fund on June 30, 2008.

$2,000,000 NR

23 Network Tool Replacement

GOV, JOINT

Provides funds to support the cost of migrating from a network tool not supported by ITS to a tool that is supported.

$375,850 NR

24 Information Technology Security Analyst

GOV, JOINT

Provides funds to support a half-time IT security analyst position. The analyst will assist in the development of a security program and the execution of the DPI security charter to ensure compliance with federal regulations and state law.

$40,000 R

0.50

25 Business Continuity Planning Analyst

GOV, JOINT

Provides funds to support a half-time business continuity planning analyst position. The analyst will develop and perform business continuity planning and management to ensure that DPI is in compliance with state law.

$42,500 R

0.50

26 Purchasing Agent

GOV, JOINT

Provides funds to support a Purchasing Agent II position. The agent will ensure accurate and efficient processing of all non-IT related service contracts requiring bids.

$58,220

1.00

27 NC Wise Owl

SEN

Provides funding to support increased cost of Statewide subscriptions to online library resources that are made available to all teachers and students.

$200,000 R

28 Office of Charter Schools

SEN

Provides funds to support one administrative assistant, one new education planning and development consultant, and general operations of the Office of Charter Schools.

$161,127 R

2.00

was funded by a federal grant but was ending

29 Business Technology Applications Analyst

GOV, JOINT

Provides $72,647 from federal receipts to support a business technology applications analyst. The analyst will serve exclusively on the Exceptional Children's project team.

D. Expansion: Pass-Through Funds

30 Communities in Schools

GOV, JOINT

Provides additional funds to State-level non-profit program that supports local CIS programs' efforts to connect at-risk students and their families with resources that will help the students succeed in school.

$750,000 NR

GOV, JOINT

31 NC Network

Provides additional funds to non-profit program that provides training to school-based management teams. $100,000 NR

JOINT

32 NC Humanities Council Teacher Institute Program

Provides funds to non-profit program focused on promoting teaching and learning that develops teachers' capacity to understand, empathize with, and relate to various cultures. $100,000 NR

new funding for this pgm.

GOV, JOINT

33 Teach for America

Provides additional funds to non-profit program that recruits recent college graduates in non-education majors to teach in hard-to-staff schools. $200,000 NR

Budget Changes	**$13,436,920**	R
	$116,321,507	NR
Total Position Changes	12.00	
Revised Total Budget	**$6,709,565,524**	

⇒ ITEMS IN JOINT REPORT, BUT NOT IN SEN REPORT:

- ESTABLISH PROF. DEVEL. CTR $750,000 R
- FACILITY ELECTRICAL ENGINEER (RECEIPT-SUPPORTED POS.)

UNC System

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$2,120,397,081**

Budget Changes

A. Base Budget Adjustments

34 Building Reserves Adjustment — ($9,595,070) NR, -91.80

Gov / Joint modified

Adjusts the building reserves for operating costs of new buildings due to a change in their completion dates. However, this change in reserves grants additional one-time funds to campuses for supplies, equipment, and moving costs for buildings that opened in FY 05-06, but were inadvertently cut in the 2005 Session.

(Gov had $9,634,513)

35 NC A&T Inflationary Increases — $163,277 R

Gov / Joint

Restores inflationary increases for library book acquisition ($145,491) and utilities ($17,786) that were left out of the base budget submitted by the Governor in the 2005 Session.

36 NC School of Science and Math Textbook Increase — $52,250 R

Gov / Joint

Increases the budget for textbooks for the North Carolina School of Science and Math. The school failed to request an increase in the 2005 Session that was sufficient to fund the increase in textbook prices.

B. Expansion

37 Enrollment Growth for UNC Campuses — $78,993,129 R, 575.00

Gov / Joint

Funds enrollment growth for undergraduate and graduate students in regular term and distance education programs. Enrollment is anticipated to grow by 7,110 full time equivalent (FTE) students in FY 06-07.

38 Enrollment Growth for NC School of Science and Math — $240,000 R, 3.75

Gov / Jt

Increases the enrollment at the North Carolina School of Science and Math by 12 students.

39 Need-Based Financial Aid — $21,587,990 R

Gov / Joint

Increases need-based financial aid for an increase of 1,730 eligible students entering UNC institutions in the Fall of 2006. The increase will also help the 34,930 students now receiving financial aid with price increases in tuition, fees, room, board, books, and supplies.

40 Judicial College — $750,000 R

Gov / Joint modified

Increases the operating funds for judicial training at the School of Government at UNC-Chapel Hill. The Judicial College was approved in the 2005 Session with an initial appropriation of $250,000.

(Joint had $500,000)

Gov/ Joint

41 ECSU Pharmacy Space — $43,000 NR

Pays the lease costs for six modular units that temporarily house the ECSU Pharmacy Program until a permanent facility is constructed.

42 Graduate Nurse Scholarship Program for Faculty Production — $1,200,000 R

Gov/ Joint

Creates a graduate nurse scholarship loan program to provide $15,000 per year for up to two years for master's candidates in nursing education and up to three years for doctoral candidates. Each recipient is required to teach in a public nursing education program in North Carolina for each year they receive a scholarship loan or they must repay the loan.

43 New Bachelor of Science in Nursing Programs — $850,000 NR

Gov/ Joint modified

Gov had 301,368 R 548,632 NR

Provides startup funds for new Bachelor of Science in Nursing programs at Fayetteville State University and UNC-Pembroke and a new RN to BSN program at Appalachian State University. FSU and UNCP will each receive $300,000 and ASU will receive $250,000.

44 Area Health Education Centers (AHEC) Expansion — $1,300,000 NR

Senate only

Funds North Carolina Area Health Education Centers (AHEC) initiative to address health workforce shortages in Allied Health, Dentistry, Nursing, and Pharmacy. In Allied Health, adds new clinical teaching sites throughout the state with an emphasis on physical therapy, speech language pathology, and occupational therapy. Provides clinical training for PharmD students at ECSU. Supports rural training sites for dental students. Expands AHEC nursing grants program.

45 AHEC Program for Psychiatrist Recruitment — $1,000,000 R

Senate only

Funds the North Carolina Area Health Education Centers (AHEC) Program to recruit psychiatrists to rural and underserved areas to provide community services. The program may include student loan repayment. A description of this item is also located in the Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services section of this report.

46 Translational Medicine Program - UNC-CH School of Medicine — $2,500,000 R

Senate only

Expands the Translational Medicine Program at the UNC-Chapel Hill School of Medicine that was begun in FY 05-06 with $1 million. The program is designed to identify and train junior faculty members in translational research to speed the development of new drugs, therapeutic strategies, devices and/or diagnostics, and to train physicians to collaborate with research faculty to apply medical discoveries to patient care and patient observations in research programs to improve health care.

47 Perinatal Care Network — $75,000 NR

Senate only

Provides funds for the UNC Center for Maternal and Infant Care, to develop an ongoing statewide network of providers and professionals to focus on clinical and health systems in perinatal care, to create a database, and implement quality improvement initiatives with the goal of reducing infant mortality and morbidity.

48 Kannapolis Research Campus $5,000,000

$1,000,000 NR
25.00

Senate only

Funds the first year cost of the University of North Carolina's involvement in the North Carolina Research Campus, located at the site of the old Cannon Mills headquarters in Kannapolis. The campus will be the centerpiece of a public-private partnership between the state of North Carolina and Mr. David Murdock and his companies, Dole Foods and Castle & Cooke.

49 NC A & T State University Matching Funds $614,847 R

Gov/ Joint modified

Increases the campus match of federal funds from 90% to 100% 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.

[Gov. requested $1.3 million but A+T has reduced request

50 Biomanufacturing Research Institute and Technology Enterprise (BRITE) $2,500,000 R

Gov/ Joint

Provides operating support, curriculum development, and equipment for the BRITE program that will begin in Fall 2006 at NC Central University. Students and faculty will share space in the Mary M. Townes Science Building until the BRITE facility is completed.

51 Biomanufacturing Training and Education Center (BTEC) $2,000,000 R

Gov/ Joint

Provides operating support, curriculum development, and equipment for the BTEC program at NC State University. BTEC academic courses will begin in the summer of 2006 even though the BTEC facility will not be completed until 2007.

52 Statewide Program for Infection Control and Epidemiology (SPICE) $500,000 NR

Senate only

Provides operating support to the Statewide Program for Infection Control and Epidemiology (SPICE) at the UNC-Chapel Hill School of Medicine.

53 Institute of Medicine $500,000 NR

Senate only

Increases the Institute of Medicine's capacity to provide relevant health data and policy recommendations to the General Assembly and other state policy makers. Funding will enable the Institute to undertake two additional studies per year and to provide a rapid response for data analysis for state decision makers.

54 Family House at UNC Hospitals $1,000,000 NR

Senate only

Assists the effort to construct the Family House at UNC Hospitals. This two-story, 40 bedroom facility on Old Mason Farm Road in Chapel Hill will provide affordable housing to critically ill patients, their family members and caregivers when visiting UNC Hospitals for evaluation or treatment. Family House has raised $4.3 million of the $6.3 million construction cost and hope to open by mid 2007.

55 TEACCH $448,349 NR

Senate only

Appropriates funds to the TEACCH Program in the Department of Psychiatry at UNC-CH as follows: (1) $283,349 to increase the psychoeducational therapists' salaries and for additional fringe benefits; (2) $145,000 for TEACCH clinic rents and operations; and (3) $20,000 for the TEACCH DX and Medical Consultant Clinic.

Gov/ Joint modified

56 Reserve for Utility and Fuel Costs — $8,252,127 NR

Creates a Utilities Reserve to compensate for shortfalls in university utility budgets caused by higher rates in electricity, natural gas, fuel oil, gasoline, and diesel fuel.

Gov request = $11,540,777

57 State Contractual Scholarship Fund Increase — $3,116,125 R

Joint

Increases the State Contractual Scholarship Fund from $1,150 per student in private colleges to $1,250. These funds are used for financially needy students.

58 LTG and SCSF Expansion — $1,500,000 R

Joint

Expands the Legislative Tuition Grant and the State Contractual Scholarship Fund to part-time students that are lateral entry teachers or are nurses seeking additional certification.

59 UNC-NCCCS 2+2 Joint E-Learning Initiative — $1,000,000 NR

Gov/ Joint

Provides funds to continue the UNC-NCCCS 2+2 E-Learning Initiative which began in 2005-06. This funding will be used to continue to build online capacity, teacher education courses, and accessibility for students in 2+2 teacher education programs.

60 UNC-Chapel Hill DESTINY Traveling Science Lab — $388,530 NR

Mod. Gov/ Mod. Jt.

Provides funds for the DESTINY Traveling Science Lab program to support personnel and other costs associated with the program that will no longer be supported by grant funds.

Gov:/Jt.: 1.65mR 350,000NR / 200,000R 350,000NR

61 Expand Prospective Teacher Scholarship Loan Program — $1,000,000 R

Gov Jt.

Provides funds for an additional 400 Prospective Teacher Scholarship Loans (PTSL). Priority for the additional awards shall be given to students seeking teacher licensure in middle and high school mathematics and science as well as students participating in a 2+2 teacher education program between the constituent institutions in the University of North Carolina and the NC Community College System.

62 North Carolina in the World Project — $200,000 NR

Gov/ Jt.

Provides funds to continue the NC in the World Project which began in FY 05-06. This project is an initiative of the NC Center for International Understanding and is focused on improving students knowledge and skills about the world.

63 Math and Science Education Network Pre-College Program Expansion — $670,000 NR

Sen. Only

Provides additional funds for the NC Math and Science Education Network to expand the number of Pre-College Programs. These programs help prepare under-represented students to pursue college studies in math and science.

64 Hunt Institute — $500,000 NR

Jt.

Provides additional operating support for the James B. Hunt, Jr. Institute for Educational Leadership and Policy in Chapel Hill. These funds will enable the Institute to sponsor a number of new initiatives focused on improving science and math instruction, encouraging extracurricular programs for students, and expanding the Institute's reach to vested interests in educational improvement such as mayors and chambers of commerce.

	FY 06-07	
65 NC Teacher Academy Training of Literacy Coaches	$1,675,000	
Provides funds to the NC Teacher Academy to train literacy coaches who will each be assigned to schools with an eighth grade to provide professional development in literacy skills. Funds shall be used to design, develop, and implement both face-to-face and online training for these coaches	$225,000	NR
Budget Changes	**$123,892,618**	R
	$7,356,936	NR
Total Position Changes	511.95	
Revised Total Budget	**$2,251,646,635**	

Gov, Sen

Jt. Items Not Included in Senate Budget:

- Principals' Executive Program (PEP): $250,000 NR
- A+ Schools: $100,000 Principals Ed. Pgm.
- Increase Legislative Tuition Grant by $100: $3,149,000
- Fund NC LIVE for Private Colleges: $250,000

Community Colleges

GENERAL FUND

Total Budget Approved 2005 Session	FY 06-07 $767,295,886

Budget Changes

A. Access

66 Enrollment Growth — $7,040,090 R

Gov/Joint

Fully funds the community college enrollment request. Enrollment increased by 2,250 FTE, from 190,750 to 193,000, an increase of 1.18%.

67 Multi-Campus College Enrollment Growth — $601,171 R

Gov/Joint

Provides funds to accommodate enrollment growth at 12 multi-campus locations. Total supplemental funding for multi-campus colleges will be $10,916,638, distributed on a formula basis to 16 colleges for 23 sites.

68 Enrollment Growth Reserve — $2,000,000 NR

Gov/Joint

Provides funds for an Enrollment Growth Reserve to assist colleges that experience high growth in the Fall semester. Funds shall be distributed to colleges that realize an increase greater than 5% over the previous Fall semester.

69 Need Based Financial Aid for Teaching and Nursing — $500,000 NR

Gov/Joint

Provides funds for financially needy students enrolling in teacher prep or nursing programs. This program will be funded through the Lottery Scholarship program beginning in FY 07-08.

70 Community College Financial Aid Staff — $3,557,430 R

Gov had 1/2 fin aid : 1/2 student support

Joint

Provides one position in the base allotment for administration for additional financial aid staff at each college.

71 Associate Director of Financial Aid — $73,466 R; $4,150 NR; 1.00

Gov/Joint

Provides funding in the System Office budget for an Associate Director of Financial Aid to provide guidance, leadership, and training to assist college financial aid offices. The General Assembly encourages the State Board of Community Colleges to develop and implement a comprehensive financial aid professional development program for college financial aid staff.

B. Improving Instruction

72 Equipment — $10,000,000 NR

Gov/Joint

Provides additional funds for the purchase of instructional equipment at all 58 community colleges. Funds will be distributed in accordance with the existing equipment formula.

Gov/Joint

73 Director of Joint High School - Community College Programs — $83,950 / $4,150 NR / 1.00

Provides funds in the System Office budget for the creation of a Statewide director of joint high school - community college programs, including Learn and Earn, Middle College, Huskins, and dual enrollment.

Gov/Joint

74 State Board Reserve Funds — $500,000 NR

Provides additional funding to the State Board Reserve to provide one-time grants to colleges starting new programs.

75 Faculty & Professional Staff Salaries

Sen only

Funds are included in the Salary Reserve Section of this budget to provide a 6% permanent salary increase and a 2% bonus to community college faculty and professional staff.

Gov had 8% perm.

C. Workforce Development

Gov/Joint

76 BioNetwork Capstone Center — $310,000 NR

Provides additional funds for specialized supplies needed at the BioNetwork Capstone Center.

Center runs by Wake Tech.

77 Kannapolis Research Campus — $3,445,000 R

Sen only

Funds the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis. Funds will be used for equipment, faculty and staff, building operations, and lease expense.

78 Regional Customized Training Directors — ($387,966)

Sen only

Directs the State Board to use funds appropriated for New and Expanded Industry Training to support the 5 existing Regional Customized Training Directors, and to add 2 new Training Directors: 1 to serve the Northeast Region and 1 to serve the Southeast Region.

Gov/Joint had $153,470

Gov/Joint

79 NC REAL Enterprises — $250,000 NR

Provides funding for NC REAL. This program was formerly supported by the Worker Training Trust Fund.

80 NC Military Business Center — $1,000,000 NR

Sen only

Provides funds for the continued operation of the NC Military Business Center (NCMBC), a program run by Fayetteville Tech in conjunction with Craven CC, Coastal Carolina, and Wayne CC, to foster Statewide business development originating from the five military bases in the State and to sustain MatchForce.com, the State's website for matching NC businesses with federal contract opportunities.

D. Technology

Gov/Joint

81 Course Management System & Learning Objects Repository — $2,000,000 R

Provides funds for an online teaching and learning platform for distance education.

82 Online Help Desk — $605,000 R / $20,000

Joint

Provides funds to establish an online help desk for students enrolled in distance education courses.

Gov had $740k

Gov/ Joint

83 NC Information Highway Expansion $120,000 NR

Provides $15,000 each to 8 colleges for the purchase of mobile ("rollabout") videoconferencing equipment.

E. Technical Adjustments

Gov/ Joint

84 Hospitalization Insurance $1,398,201 R

Appropriates hospitalization insurance at the FY 06-07 rate. Technical Adjustment

Joint

85 Tuition Receipts Adjustment $10,000,000 R

Provides funds to replace under-realized tuition receipts. Gov had $8.2 mil

F. Receipt Supported Positions

Sen only

86 Business & Technology Applications Analyst

Allows for the creation of a Business & Technology Applications Analyst position in the System Office, Administration Division to assist with Basic Skills needs, including federal literacy reporting requirements. The total requirement for this position is $85,713, to be funded entirely from Federal Adult Education Funds.

Budget Changes	**$28,416,342**	R
	$14,708,300	NR
Total Position Changes	2.00	
Revised Total Budget	**$810,420,528**	

Items that were in the joint budget but not in the Senate budget are listed as here

BioNetwork Industry Liaison	$129,150
COA Boat Building Repair Equip.	$500,000
Nash Law Enforcement Vehicle Training	$500,000
Wilson Tech Green Bldg	$1,000,000
Edgecombe Health Ed Complex	$1,500,000
Guilford Technical CC	$2,000,000

House Pages

Name Of Committee: APPROPRIATIONS/ EDUCATION II Date: 30-MAY-2006

Mary Lee Robinson

1. Name: Shari Henderson
   County: Granville
   Sponsor: Rep. Crawford
2. Name: Jean Tuset
   County: Wake
   Sponsor: Rep. Crawford
3. Name: Wendy Romine
   County: Carteret
   Sponsor: Preston
4. Name: Brittany Williams
   County: Vance
   Sponsor: Rep. Crawford
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: NELL CASPER
2. Name: Gerald Perry
3. Name: Charles Williams
4. Name: _____
5. Name: _____

VISITOR REGISTRATION SHEET

Appropriations - Education — 5-30-06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Gene Causby	NCCASA
Carrie Randa	NCCASA
Aaron Chang	Intern, Rep. Glazier
Paul LeSieur	NC DPI
Becky McCartney	NC DPI
Molly Ryan	NCSBA
Emily MacNaughton	NCPAPA
Katherine Joyce	NCASA
Hyeuwilson	NCICU
Jus Hamm	WCPSS
Amy Ferris	PSF
[illegible]	NCICU
Jim Stegall	U.C.P.S.

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Michael Houser	NCAE
Jami Fitzgerald	NCFPC
Lauren Rogers	NCFPC
Cliff Mitchell	NCCCFA
Kenneth Boyd	NCCCS
Hal Miller	NCACCT
Jane Rabon	NCCCFA
Cecil Bell	NCAE
Rita L. Joyner	SBE
Megan Wilson	NCCCS
Chad Rudolph	Bode Call & Stroupe
Mark Ellis	Brooks Pierce
Brian Lewis	Consultant w/ NCS Children

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ellen Greaves	DENC
Mary Wilson	SBE
Rebecca Garland	SBE
Kirsten Crosson	OSBM
Pam Leaman	OSBM
TreyO'Quinn	OSBM
Elizabeth Groves	
Ann McArthur	Governor's Office
Evelyn Hawthorne	CSNC
Amy Hobbs Schilder	Hobbs & Co
Terry Stoops	John Locke Foundation
Shannon Blosser	Pope Center
Alyn Berry	Civitas institute

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Steve Shaber	Poyner + Spruill
Stephen Moore	DTH
Lydia Vam	NCACC
Austin Bounds	ECU
Steve Ballard	ECU
Kristin Kelly	Office of Gov.
Jim Blackburn	NC Association of County Commissioners
Gerry Hancock	ECU
Paul Foglesong	Infotech Inc.
Robin Baumhower	ASU
Michael A. Stroud	ASU
[illegible]	NCFB
Ashley Mallard	EGNS

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jodi P. Maynard	CMS
Don McCorquodale	SAS.
Mark Lanier	UNCW
[illegible]	DEPWPA.

House Appropriations Subcommittee on Education
Agenda

May 31, 2006
Room 421, Legislative Office Building
Representative Carney , Presiding

I. **Welcome**

II. **Review of SB 1741 – Modify Appropriations Act**

III. **Discussion**

IV. **Adjourn**

MINUTES

APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Wednesday, May 31, 2006
8:30 a.m.
Room 421, Legislative Office Building

The Appropriations Subcommittee on Education met on Wednesday, May 31, 2006, at 8:30 a.m., in Room 421 of the Legislative Office Building. The following members were present: Representatives Carney, Jeffers and Tolson, Co-Chairs; Representatives Bell, Cleveland, Fisher, Hilton, Johnson, Parmon, Pate, Preston, and Rapp.

Representative Carney, presiding Chair, called the meeting to order, and introduced the pages and the Sergeant at Arms staff.

Representative Carney stated that Staff would review with the committee members various items in Senate Bill 1741, MODIFY APPROPRIATIONS ACT OF 2005 (**copy attached**). Each committee member had a copy of this Senate Bill 1741. After each Staff person completed his/her review, committee members were given the opportunity to ask questions.

The Subcommittee adjourned at 9:15 a.m.

Representative Becky Carney, Co-Chair Presiding

Joyce A. Langdon, Committee Assistant

Referenced attachment is included as a part of these minutes.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

S 3

SENATE BILL 1741
Second Edition Engrossed 5/23/06
Third Edition Engrossed 5/25/06

Short Title:	Modify Appropriations Act of 2005.	(Public)
Sponsors:	Senators Garrou; Dalton, Hagan, Albertson, Atwater, Berger of Franklin, Bland, Boseman, Clodfelter, Cowell, Dannelly, Dorsett, Graham, Holloman, Hoyle, Kerr, Kinnaird, Lucas, Malone, Purcell, Rand, Snow, Soles, Swindell, and Weinstein.	
Referred to:	Appropriations/Base Budget.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005, TO ENACT AN EARLY REDUCTION IN THE SALES TAX RATE AND AN EARLY REDUCTION IN THE INCOME TAX RATE APPLICABLE TO MOST SMALL BUSINESSES, TO CAP THE VARIABLE WHOLESALE COMPONENT OF THE MOTOR FUEL TAX RATE AT ITS CURRENT RATE, TO INCREASE THE MINIMUM WAGE, AND TO PROVIDE FOR THE FINANCING OF CONSTRUCTION OF PSYCHIATRIC HOSPITALS AND OTHER CAPITAL PROJECTS.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2006."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes

as enumerated are adjusted for the fiscal year ending June 30, 2007, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2006-2007 fiscal year.

Current Operations – General Fund	**FY 2006-2007**
EDUCATION	
Community Colleges System Office	$ 43,124,642
Department of Public Instruction	129,758,427
University of North Carolina – Board of Governors	
Appalachian State University	2,189
East Carolina University	
Academic Affairs	(1,589,622)
Health Affairs	0
Elizabeth City State University	(28,887)
Fayetteville State University	42,675
NC Agricultural and Technical University	(223,690)
North Carolina Central University	(312)
North Carolina School of the Arts	29,159
North Carolina State University	
Academic Affairs	(3,908,353)
Agricultural Extension	0
Agricultural Research	65,287
University of North Carolina at Asheville	(569,398)
University of North Carolina at Chapel Hill	
Academic Affairs	(846,370)
Health Affairs	(795,501)
Area Health Education Centers	0
University of North Carolina at Charlotte	(471,439)
University of North Carolina at Greensboro	(1,138)
University of North Carolina at Pembroke	(299,992)
University of North Carolina at Wilmington	(100,910)
Western Carolina University	(735,491)
Winston-Salem State University	0
General Administration	0
University Institutional Programs	140,629,097
Related Educational Programs	0
North Carolina School of Science and Mathematics	52,250
UNC Hospitals at Chapel Hill	0
Total	**$ 131,249,554**
HEALTH AND HUMAN SERVICES	
Department of Health and Human Services	
Office of the Secretary	$ (65,275,120)
Division of Aging	3,000,000
Division of Blind Services/Deaf/HH	75,000
Division of Child Development	35,465,513
Division of Education Services	828,548
Division of Facility Services	0
Division of Medical Assistance	(149,850,000)
Division of Mental Health	77,589,934

House Pages

APPR. Ed

Name Of Committee: _____ Date: 5-31-06

1. Name: Peter Hartin
   County: Wake
   Sponsor: Allen B.
2. Name: Candice Smith
   County: Franklin
   Sponsor: Crawford J.
3. Name: Marcus Jones
   County: Nash
   Sponsor: Black
4. Name: Brandon Ring
   County: Stokes
   Sponsor: Rep Holloway
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: Tom Wilder
2. Name: Charles Williams
3. Name: _____
4. Name: _____
5. Name: _____

VISITOR REGISTRATION SHEET

APPR Ed — 5-31-06

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Mark Lanier	UNCW
Lynn Dennis	Public School Forum
Gene Causby	NCSEAA
Kristin Swan	OSBM
Trey O'Quinn	OSBM
Pam Loomer	OSBM
Molly Ryan	NCSBA
Harvey Pinkney	N.C. ABA
Becky McCray	NCDPI
Jim Stegall	U.C.P.S.
Ellen Frederick	PEAK
Katherine Joyce	NCASA
Ann McArthur	Gov's Office
Elizabeth Groninger	OSBM
Rebecca Troxler	NCACC
Ed Turlington	BAMPL
Jeff Mixon	Civitas Inst.
John Motley	Gov Affairs
Steve Woodson	NC Forest Service
PPP	"
Ben Matthews	NCSEA
Joel P. Maynard	Char/Meck Schools
Hubert Wilson	NCAPA

VISITOR REGISTRATION SHEET

APPR Ed. — Name of Committee

5-31-06 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Terry Stoops	John Locke Foundation
Kennon Briggs	NCCCS
Nancy Wilson	SBE
Rita Jagnow	SBE
[illegible]	NCAE
[illegible]	[illegible]
[illegible]	NCCCS
[illegible]	Rep. Hagan
[illegible]	Govs office
Shannon Blosser	Pope Center
[illegible]	NC Child Care Coalition
Michael Hooser	NCAE
Mark [illegible]	University
[illegible]	NCNA
Ron McCorquodale	SAS
[illegible]	NCFPA
Amy Schilder	Hobbs & Co
[illegible]	SOS-NC
[illegible]	NCAECT
[illegible]	NCAIL
Larry M Johnson	Greene Co Schools
Steve Mazingo	Greene Co. Schools
Bobbi Melton	Greene Co. Schools
Jammie Noble	Greene Co Schools
Jo Ann Pennington	Greene Co. Schools
[illegible]	Greene Co Schools
Dawn Roberson	Greene Co Schools

VISITOR REGISTRATION SHEET

APPR. Ed. 5-31-06

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
John McMullen	MFOS

APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

JUNE 8, 2006 – 8:30 A.M.

AGENDA

CALL MEETING TO ORDER

INDRODUCE PAGES

BILLS TO BE HEARD:

REP. WALEND	HB 1080	Blue Ridge CC/Transylvania Ctr. Funds
REP. MC ALISTER	HB 2482	Funds for Low Performing High Schools
	HB 2483	Funds for Minority Health Disparity Research
REP. HARRELL	HB 2592	ASU/College of Live & Learn Academic Bldg.
	HB 2635	Appalachian State/Allied Health & Nursing
REP. HILL	HB 2121	Agricultural Ed. Funds
	HB 2122	NCSU Agricultural Leadership Funds
	HB 2255	NCSU Funds/Williamsdale Farm & Ag. Programs
	HB 2443	Agribusiness Ed. Funds
REP. ADAMS	HB 2736	NCA&T Visual Performing Arts Funds
	HB 2530	UNC Board of Govs. Focused Growth & Special Needs Institutions
REP. OWENS	HB 2399	UNC Herbarium Funds

MINUTES

House Appropriations Subcommittee On Education

June 8, 2006 – 8:30 A.M.

The House Appropriations Subcommittee on Education met in Room 421 LOB, Thursday, June 8 at 8:30 A.M. Rep. Joe Tolson presided.

The following members were present: Chairs : Representatives Jeffus and Carney; Vice-Chairs Representatives Rapp, and Johnson. Members Representatives Bell, Cleveland, Fisher, Hilton, Parmon and Pate.

Rep. Tolson called the meeting to order and introduced the Pages who were assisting: Chris McLamb and Anna Jones of Wake County and Christopher Morrow of Haywood County.

The Chairman explained the purpose of the meeting was to hear all bills that were referred to the Subcommittee and the appropriation needed to fund the requests.

Rep. Walend was recognized to discuss **HB 1081 – BLUE RIDGE CC/TRANSYLVANIA CENTER FUNDS.** Ms. Walend stated that she introduced this bill last year requesting 2.5 million and there has been a reduction in the amount needed to build the center. The Center is receiving 400,000 from the Rural Center and 600,000 in school bonds that can be used. The **new request is for 1.2 million**

Rep. Hill discussed the following bills:

HB 2121 – AGRICULTURAL EDUCATION FUNDS – Bill would **appropriate 125,000** to the Dept. of Public Instruction to teach our young people about agriculture.

HB 2122 – NCSU AGRICULTURAL LEADERSHIP FUND – This **appropriates 200,000** to the College of Agriculture and Life Science

HB 2255 – NCSU FUNDS FOR WILLIAMSDALE FARM AND AG PROGRAM. Companion bill to Sen. Albertson's bill – **Appropriate 4,165,000**

HB 2443 – AGRIBUSINESS EDUCATION FUNDS –Appropriate 500,000 for the Agribusiness Foundation

Rep. McAlister

– HB 2482 – FUNDS FOR LOW PERFORMING HIGH SCHOOLS request 50,000
for E. E. Smith High School which was designated as a low performance school.

HB 2483 – FUNDS FOR MINORITY HEALTH DISPARITY RESEARCH. Request $10,000

Rep. Adams (Rep. Jeffus presented the bills)

HB 2736 NC A&T VISUAL PERFORMING ARTS FUNDS – Requests 200,000 for planning activities related to the construction of an Arts Center on the campus.

HB 2530 – UNC BOARD OF GOVERNORS FOCUSED GROWTH & SPECIAL NEEDS INSTITUTIONS. Appropriate from the General Fund to the Board of Governs $7 million to be evenly divided among the seven focused growth campuses.

Appropriate from the General Fund to the Board of Governors **$1,500,000** to be evenly divided between the NC School of the Arts and the University of North Carolina at Asheville and also appropriate $1,500,000 to be evenly divided between the NC School of the Arts and the Univ. of NC at Asheville for equipments needs.

Representatives Fisher and Parmon asked for support of these bills.

Rep. Tolson discussed **HB 2399 UNC HERBARIUM FUNDS** introduced by Rep. Owens. **Appropriate $1 million for construction funds.**

Rep. Jeffus:

HB 2816 – INDEPENDENT COLLEGES & UNIV/NC LIVE/FUNDS – Requests $783,114 to underwrite the cost of participating in NC LIVE.

Rep. Harrell (Rep. Tolson discussed):

HB 2592 – ASU/COLLEGE OF ED. LIVE & LEARN ACADEMIC BLDG. requests $35 million to construct a Living Learning Academic Bldg. For the College of Education

HB 2635 – APPALACHIAN STATE/ALLIED HEALTH & NURSING. Request $40,000,000 to construct an Allied Health & Nursing Bldg. to be developed in concert with the Watauga Regional Medical Center, which has agreed to donate the land.

(Copies of the bills discussed today are a part of these minutes.)

Chairman Tolson stated that 15 minutes after today's session, the subcommittee will convene to hear the recommended budget that is going to be presented Tuesday in full Appropriations. After reviewing the legislation, if you are going to have an amendment, to please have it prepared and ready to be discussed at the Full Appropriations Committee meeting on Tuesday.

There being no further business, the meeting was adjourned.

Rep. Joe P. Tolson, Chairman

Shirley Phillips, Comm. Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1081

Short Title:	Blue Ridge CC-Transylvania Ctr. Funds.	(Public)
Sponsors:	Representative Walend.	
Referred to:	Appropriations.	

April 4, 2005

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO CONSTRUCT A NEW VOCATIONAL BUILDING FOR THE BLUE RIDGE COMMUNITY COLLEGE-TRANSYLVANIA CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Community College System Office the sum of two million five hundred thousand dollars ($2,500,000) for the 2005-2006 fiscal year to be used by Blue Ridge Community College to construct a new vocational building in order to provide new courses in allied health care, automotive education, and horticulture to the residents of Transylvania County and surrounding areas.

SECTION 2. This act becomes effective July 1, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2482

Short Title:	Funds for Low-Performing High School.	(Public)
Sponsors:	Representatives McAllister, Lucas, Dickson, Glazier (Primary Sponsors); Adams, B. Allen, Coleman, Jones, Pierce, Womble, and Wright.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE CUMBERLAND COUNTY PUBLIC SCHOOLS TO IMPROVE STUDENT PERFORMANCE AT A HIGH SCHOOL DESIGNATED AS LOW-PERFORMING.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Cumberland County Public Schools the sum of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year to improve student performance at E.E. Smith High School, a high school that is designated as low-performing in the Leandro litigation.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2483

Short Title:	Funds for Minority Health Disparity Research.	(Public)
Sponsors:	Representatives McAllister, Lucas, Dickson (Primary Sponsors); Adams, B. Allen, Faison, Farmer-Butterfield, Jones, Pierce, Wainwright, Warren, Wray, and Wright.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE OPERATIONS OF THE FAYETTEVILLE STATE UNIVERSITY RESEARCH CENTER FOR HEALTH DISPARITIES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of ten thousand dollars ($10,000) for the 2006-2007 fiscal year for the operations of the Fayetteville State University Research Center for Health Disparities (FSU-RCHD). The Center is a framework for promoting collaborative, interdisciplinary research on health status, health attainment, and health disparities.

SECTION 2. This act becomes effective July 1, 2006.

UNC
cc Public Lib. Students
Citizens

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

H 1

HOUSE BILL 2816

Short Title:	Independent Coll. & Univ/NC LIVE/Funds.	(Public)
Sponsors:	Representatives Jeffus; B. Allen, Harrison, and Lucas.	
Referred to:	Appropriations.	

May 30, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO NORTH CAROLINA INDEPENDENT COLLEGES AND UNIVERSITIES TO HELP UNDERWRITE THE COST OF NC LIVE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to North Carolina Independent Colleges & Universities, Inc., the sum of seven hundred eighty-three thousand one hundred fourteen dollars ($783,114) for the 2006-2007 fiscal year to underwrite the cost of participating in NC LIVE which offers the citizens of North Carolina online access to a diverse collection of electronic resources including complete articles from over 16,000 newspapers, journals, magazines, and encyclopedias, indexing for over 25,000 periodical titles, and access to over 25,000 online print and audio books. NC LIVE is available free of charge to library patrons, students, and educators from four communities of interest – public libraries, community colleges, the State's University System, and members of the North Carolina Association of Independent Colleges and Universities.

SECTION 2. This act becomes effective July 1, 2006.

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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

H 1

HOUSE BILL 2592*

Short Title:	ASU/Coll of Ed. Live & Learn Academic Bldg.	(Public)
Sponsors:	Representatives Harrell, Wilson, and Womble (Primary Sponsors).	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA TO CONSTRUCT A LIVING LEARNING ACADEMIC BUILDING FOR THE COLLEGE OF EDUCATION AT APPALACHIAN STATE UNIVERSITY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of thirty-five million dollars ($35,000,000) for the 2006-2007 fiscal year to be allocated to Appalachian State University to construct a Living Learning Academic Building for the College of Education. The facility will contain classrooms, computer labs, offices for faculty and staff, clinical space to serve the program needs related to counseling and communication disorders, and adequate space to increase the number of newly trained K-12 teachers in North Carolina.

SECTION 2. This act becomes effective July 1, 2006.

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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

H 1

HOUSE BILL 2635*

Short Title:	Appalachian State/Allied Health & Nursing.	(Public)
Sponsors:	Representatives Harrell, Wilson, and Womble (Primary Sponsors).	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA TO CONSTRUCT AN ALLIED HEALTH AND NURSING BUILDING AT APPALACHIAN STATE UNIVERSITY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of forty million dollars ($40,000,000) for the 2006-2007 fiscal year to be allocated to Appalachian State University to construct an Allied Health and Nursing Building. The facility will be developed in concert with the Watauga Regional Medical Center, which has agreed to donate sufficient land. The building will provide a central location for the approved nursing program and the consolidation of other academic and research programs in Allied Health.

SECTION 2. This act becomes effective July 1, 2006.

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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2121*

Short Title:	Agricultural Education Funds.	(Public)
Sponsors:	Representatives Hill; Faison, Langdon, and Warren.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF PUBLIC INSTRUCTION TO ENHANCE AGRICULTURAL EDUCATION IN THE CLASSROOM.

The General Assembly of North Carolina enacts:

SECTION 1.(a) There is appropriated from the General Fund to the Department of Public Instruction the sum of one hundred twenty-five thousand dollars ($125,000) for the 2006-2007 fiscal year. These funds shall be used to continue the development of an understanding and teaching of agriculture in grades K-12 by providing training programs and materials for teachers and curricula and educational programs for students for agricultural education purposes.

SECTION 1.(b) It is the intent of the General Assembly that funds for the Agriculture in the Classroom Program be included in the continuation budget.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2122*

Short Title:	NCSU Agricultural Leadership Funds.	(Public)
Sponsors:	Representatives Hill; Faison, Glazier, and Langdon.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE AGRICULTURAL LEADERSHIP DEVELOPMENT PROGRAM IN NORTH CAROLINA STATE UNIVERSITY'S COLLEGE OF AGRICULTURE AND LIFE SCIENCES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of two hundred thousand dollars ($200,000) for the 2006-2007 fiscal year for the College of Agriculture and Life Sciences at North Carolina State University. These funds shall be used to develop the leadership skills of outstanding young agriculturists from a diversity of agricultural enterprises and regions of the State. The North Carolina State University College of Agriculture and Life Sciences Agricultural Leadership Program is a two-year program led by the faculty of the College.

SECTION 2. It is the intent of the General Assembly that funds for the College of Agriculture and Life Sciences Agricultural Leadership Program be included in the continuation budget.

SECTION 3. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2255*

Short Title:	NCSU Funds/Williamsdale Farm & Ag. Programs.	(Public)
Sponsors:	Representatives Hill; Church, Faison, Langdon, Tucker, Underhill, and Wilson.	
Referred to:	Appropriations.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA FOR NORTH CAROLINA STATE UNIVERSITY TO ESTABLISH THE WILLIAMSDALE FARM ENERGY FIELD LABORATORY IN DUPLIN COUNTY AND TO FUND VARIOUS INNOVATIVE AGRICULTURAL PROGRAMS OFFERED BY THE COLLEGE OF AGRICULTURE AND LIFE SCIENCES AT NORTH CAROLINA STATE UNIVERSITY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of four million one hundred sixty-five thousand six hundred dollars ($4,165,600) for the 2006-2007 fiscal year to be allocated to North Carolina State University, North Carolina Agricultural Research Service to establish the Williamsdale Farm Energy Field Laboratory on the site of Williamsdale Farm in Duplin County. Of the funds appropriated by this act, the sum of three million five hundred ninety thousand dollars ($3,590,000) shall be used for infrastructure and equipment for the field laboratory, and the sum of five hundred seventy-five thousand six hundred dollars ($575,600) shall be used for recurring operational expenses of the field laboratory.

SECTION 2. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of five million dollars ($5,000,000) for the 2006-2007 fiscal year to be allocated to the College of Agriculture and Life Sciences at North Carolina State University to fund various innovative agricultural programs that encourage economic growth. The funds shall be allocated as follows:

(1) $1,000,000 to develop and promote local agricultural systems and enterprises. Economic development activity will involve expansion of small scale finishing and marketing of cattle; local production and

marketing of plant and animal food products, including organic production; enhancing urban landscapes and environments; grass based meat goat and dairy systems; training and assistance in business development and management skills; and agricultural workforce preparedness in the areas of worker protection, efficient workplace management and worker benefits, especially for nontraditional workers.

(2) $1,250,000 to support competitive cropping opportunities. These opportunities may include research and development of strategies and systems that focus on the following: the development of methods that make it possible to convert to narrow-row production of cotton and that optimize nitrogen fertilizer to increase cotton production; the development of intensive disease management strategies, especially in lettuce and berry production that will enable large-scale production of fruits and vegetables for the Dole Initiative and other enterprises; the development of mechanical harvesting and stripping aids to increase production of burley tobacco; supporting a breeding position in turfgrasses research; and support of the AgBiotech initiative that applies functional genomics to systems that have potential for rapid, on-the-ground impacts.

(3) $1,000,000 to be used for specialty enterprise opportunities. These developments will include expansion of the current Specialty Crops Program; development of technology and management systems for profitable production of grapes and grape products; improve the sustainability of plant production by developing transgenic plants that tolerate environmental stresses (temperature extremes, drought, disease); discovery of development of plant derived materials that benefit health, nutrition, and pest management; and enhance the health, productivity and survivability of honeybees, which are critical for sustainable agricultural systems.

(4) $750,000 to be used for animal systems opportunities. Economic development will accrue to research and technical assistance in production systems and genetic improvement of aquaculture species, with an emphasis on hybrid striped bass and flounder; and to significantly increasing the longevity, health, and production levels of swine.

(5) $1,000,000 to be used for value-added bioprocessing. These opportunities will involve development of processes to enhance quality, safety and utility of foods and food products; discovering methods to convert wastes and biomass to energy; and to create profitable, viable markets for byproducts of animal systems and other waste materials.

SECTION 3. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2443

Short Title:	Agribusiness Education Funds.	(Public)
Sponsors:	Representatives Hill; Adams, Coleman, Faison, Preston, and Warren.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE NORTH CAROLINA AGRIBUSINESS FOUNDATION, INC., TO ESTABLISH THE AGRIBUSINESS AWARENESS AND EDUCATION CAMPAIGN.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to The North Carolina Agribusiness Foundation, Inc., the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year to establish the Agribusiness Awareness and Education Campaign.

SECTION 2. This act becomes effective July 1, 2006.

2736

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H D

HOUSE DRH50693-LR-238 (5/17)

Short Title:	NC A&T Visual/Performing Arts Funds.	(Public)
Sponsors:	Representative Adams.	
Referred to:		

A BILL TO BE ENTITLED

AN ACT APPROPRIATING FUNDS TO NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY FOR PLANNING ACTIVITIES RELATED TO THE CONSTRUCTION OF A VISUAL ARTS AND PERFORMING ARTS CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of two hundred thousand dollars ($200,000) for the 2006-2007 fiscal year to be used by North Carolina Agricultural & Technical State University for planning activities related to the construction of a visual arts and performing arts center on campus.

SECTION 2. This act becomes effective July 1, 2006.

2530

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H D

HOUSE DRH30513-LH-291 (05/18)

Short Title:	UNC Focused Growth/Funds.	(Public)
Sponsors:	Representative Adams.	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA FOR FOCUSED GROWTH AND SPECIAL NEEDS INSTITUTIONS.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of seven million dollars ($7,000,000) for the 2006-2007 fiscal year to be evenly divided among the seven focused growth campuses.

SECTION 2. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one million five hundred thousand dollars ($1,500,000) for the 2006-2007 fiscal year to be evenly divided between the North Carolina School of the Arts and the University of North Carolina at Asheville.

SECTION 3. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one million five hundred thousand dollars ($1,500,000) for the 2006-2007 fiscal year to be evenly divided between the North Carolina School of the Arts and the University of North Carolina at Asheville for equipment needs.

SECTION 4. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H D

HOUSE DRH60755-LH-289 (05/18)

HB 2399

Short Title:	UNC Herbarium Funds.	(Public)
Sponsors:	Representatives Owens and Insko (Primary Sponsors).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA TO CONSTRUCT A STATE-OF-THE-ART HERBARIUM BUILDING.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one million dollars ($1,000,000) for the 2006-2007 fiscal year to help construct a state-of-the-art, sustainably-designed Herbarium building. The University of North Carolina Herbarium boasts a collection of over 700,000 specimens, the largest and most important collection in the southeast, representing over 170 years of botanical work and the basis of our knowledge of the flora of North Carolina and the southeast.

SECTION 2. This act becomes effective July 1, 2006.

House Pages

Name Of Committee: APPR. Education Date: 6-8-06

1. Name: Chris Mclamb
   County: Wake
   Sponsor: Dickson
2. Name: Anna Jones
   County: Wake
   Sponsor: Grier Martin
3. Name: Christopher Morrow
   County: Haywood
   Sponsor: Rep. Ray Rapp
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: Toussaint Avent
2. Name: Charles Williams
3. Name: _____
4. Name: _____
5. Name: _____

VISITOR REGISTRATION SHEET

APPR on Education — 6-8-06

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Terry Stoops	John Locke Foundation
Kenny Briggs	NCCCS
Linda Gunter	NCAE
Rita L. Joyner	SBE
[signature]	SBE
[signature]	DPI
Lauren Waddell	Intern
Hal Miller	NCACCT
Brian Lewis	Covenant with NC's Children
Joanne Stevens	NCNA
[signature]	DPI
R. James Lore	R. James Lore Atty at law
[signature]	BOS-NC
Michael Houser	NCAE
[signature]	Hubbard & Co

VISITOR REGISTRATION SHEET

APPR Ordered — 6-08-06

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
[signature]	NCICU
Trey O'Quinn	OSBM
Rebecca Garland	SBE
[illegible]	OSBM
Elizabeth Groves	OSBM
Bryan Conrad	OSBM
Jim Stegall	U.C.P.S.
Rebecca Troutman	NCACC
Molly Ryan	NCSBA
Cathy Higgins	Gov's off'ce
Ann McElveen	Gov's Office
Kate Sawtt	NCCCC
Ellen Greaves	R-NC
[illegible]	~~HA~~ NCHA
Gene Causby	NCSFSA
[illegible]	NCICU
Ashley Matlock	CGNS

House Appropriations Subcommittee on Education
Agenda

June 8, 2006
Room 421, Legislative Office Building
Representative Tolson , Presiding

I. Welcome

II. Staff Presentation of the Proposed Appropriations Subcommittee of Education Money Report and Proposed Provisions

III. Discussion

IV. Adjourn

MINUTES

House Appropriations Subcommittee on Education

June 8, 2006 - 3:30 p.m.

The House Appropriations Subcommittee on Education met in Room 421 LOB. Rep. Tolson presided and called the meeting to order at 3:30 p.m.

The following members were present: Representative Preston, Vice-Chair; Representative Cleveland, Fisher and Pate.

Rep. Tolson said the purpose of the meeting is to hear staff present the Proposed Appropriations Subcommittee of Education Money Report and Proposed Provisions. (A copy of these Reports are attached are attached to these Minutes.)

Adam Levinson, Fiscal Staff, was recognized and explained the markings in the margins of the proposed money reports. (G/S = Governor's & Senate budgets; S = Senate budget; no marking = House only budget). He then explained the proposals in the General Fund for Public Education.

Richard Bostic, and Jennifer Hagood, Fiscal Staff, were recognized and explained the proposals for the University of North Carolina and the Community Colleges.

Kristine Leggett, Fiscal Staff, was recognized to discuss the Community Colleges proposals. Ms. Leggett stated that every item that was in the House budget was also in the Senate budget.

Adam Levinson was asked to explain the Special Provisions budget. The first provision:

TEACHER SALARY SCHEDULES. He stated that this is slightly different from the Governor's budget; the raise is the same but an additional steep has been added to the salary schedule (line 15, pg. 2).

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE – Principal and Assistant Principal Schedules. The provision is identical to the Senate provision.

CENTRAL OFFICE SALARIES – There is a modification and this follows the salary decision for state employees in the House (5%) and a 1% bonus.

NONCERTIFIED PERSONNEL SALARY AND FAIR MINIMUM PAY – This establishes a minimum salary for non-certified employees of $20,112 on a twelve month basis.

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES. This provides for a top of the range bonus only for the Principals and Assistant Principals

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION – There is a House modification that gives the State Board of Education the authority to use funds appropriated to the Dept. of Public Instruction and the state public schools fund to establish a consolidated comprehensive program to provide assistance to low performing schools. Also, the Joint Legislative Education Oversight Committee shall review the incentive award structure and determine whether the relationship between awards for teachers and teacher assistance at each level is appropriate.

CHILDREN WITH DISABILITIES – This increases per student funding for children with disabilities

FUNDS FOR ACADEMICALLY GIFTED CHILDREN – Proposal identical (the same as the Governor's and the Senate's)

LEARN AND EARN HIGH SCHOOLS – Proposal Identical

NC WISE POSITION – Proposal Identical

EXPAND LEA ACCESS TO EDUCATION VALUE ADDED ASSESSMENT SYSTEM (EVAAS) – Identical

NORTH CAROLINA VIRTUAL PUBLIC SCHOOL – Modified version of what was in the Senate budget.

DISTANCE EDUCATION - Authorizes additional funds for students enrolling in Distance Education courses.

Jennifer Hagwood was recognized to explain the following proposals:

ADMINISTRATIVE FUNDING FOR TEACHING FELLOWS PROGRAM - This is a modified version of the Senate proposal. The specific amount from the Teaching Fellows Trust Fund that may be used for administration is removed from General Statutes.

The administrator the Teaching Fellows Program may use of to $810,000 for the 2006-07 fiscal year from the balance in the revolving fund. Also the Teaching Fellows Program shall report to the Joint Legislative Education Oversight Committee by March 15, 2007 on Initiatives to recruit minorities to the Program and the campuses selected to participate in the Program, as well as the selection process.

REFUND OF LOCAL SALES AND USE TAXES TO A LOCAL SCHOOL ADMINISTRATIVE UNIT – Identical

STUDY THE COMPENSATION OF SCHOOL PSYCHOLOGISTS WITH NATIONAL CERTIFICATION - A Study whether school psychologists should be compensated at the same level as teachers who are certified by the National Board for Professional Teaching Standards and the cost of compensating them at that level.

UNC-NCCCS 2+2 E-LEARNING INITIATIVE - Identical

TEACHER EDUCATION PROGRAM ENROLLMENT PLANS – Identical

NORTH CAROLINA IN THE WORLD PROJECT – Identical

A+ SCHOOLS – BUDGET TECHNICAL CORRECTION – Technical Correction

CLARIFY REQUIREMENTS FOR STUDENTS RECEIVING PHYSICAL EDUCATION – COACHING SCHOLARSHIP LOANS –
This is a House only provision. A study should report to the Legislative Education Oversight Committee prior to January 15, 2007.

Richard Bostic explained the following special provisions:

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION. Appropriates $1,200,000 to establish Graduate Nurse Scholarship Program for Faculty Production. Allocation of these funds is contingent upon the enactment of HB 2003.

MANAGEMENT FELXIBILITY TO REORGANIZE BUDGET CODE 16012 UNC BOARD OF GOVERNORS RELATED EDUCATIONAL PROGRAMS – Identical

TUITION AND CONTRACTURAL GRANTS FORTEACHING/NURSING – Allocation of funds is contingent upon the enactment of HB 1928 and SB 1476.

NORTH CAROLINA RESEARCH CAMPUS AT KANNAPOLIS –The Office of State Budge shall not release funds appropriation in this act until the President of UNC certifies to the Director that the University System and developers of NCRC have entered into a Memorandum of Understanding concerning participation in and use of space at the NC Research Campus that is approved by the President.

Kristine Leggett explained the following special provisions on Community Colleges:

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF –The Community College System must provide average salary increase of 6% to their faculties.

USE OF FUNDS FOR THE COLLEGE INSOFMATION SYSTEM PROJECT – Identical

CARRY FORWARD FOR EQIPMENT – Identical

NC COMMUNITY COLLEGE SYSTEM MAY USE STATE FUNDS IN LIEU OF FEDERAL FUNDS DUE TO FEDERAL MANDATES. – Identical

REPORT ON THE NCCCS BIONETWORK – Identical

STUDY OF NEW AND EXPANDING INDUSTRY TRAINING – Identical

MATCHING REQUIREMENT FOR BOND FUNDS – Identical

Chairman Tolson recognized Representative Cleveland for an amendment, which he explained:

"moves to amend the House Appropriations Subcommittee on Education Money Report, dated Jun 8, 2006 on page F-6, Item #39 by reducing the dollar amount for that item by $5,200,000; and by adding a new line item to read: "39.1. Nonresident Student Scholarship funds $5,200,000 NR

Funds student scholarships for nonresident students for the 2006-2007 fiscal year with

non-recurring funds"

Following discussion, Rep. Tolson called for a vote on the amendment. The amendment failed.

Rep. Jeffus made a motion to adopt the report as presented with any technical changes that are necessary for the bill. The motion carried.

There being no further business, the meeting was adjourned.

Representative Joe Tolson, Chairman

Shirley Phillips, Comm. Assistant

House Appropriations Subcommittee on Education
Proposed Money Report

June 8, 2006

Public Education

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$6,579,807,097

Budget Changes

A. Adjustments & Transfers

1 Average Daily Membership (ADM) — $76,299,816 R

G/S

Revises projected increase in ADM for FY 2006-07 to reflect 18,363 more students than originally projected. Dollar amount of adjustment includes increases in all position, dollar, and categorical allotments.

Total funded ADM for FY 2006-07 is 1,435,475, an increase of 38,103 over FY 2005-06.

Due to a projected increase in ninth grade ADM, receipts from the Highway Fund budgeted for Driver's Education will increase by $457,971.

2 Budgeted Average Salary — ($56,180,428) R

G/S

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2005. Adjustment does not reduce any salary paid to certified personnel.

3 Budget Receipts from NC Education Lottery for Class Size Reduction — ($127,864,291) R

G/S

Budgets receipts from NC Education Lottery Fund to support class size reduction in accordance with statute.

4 Exceptional Children — ($6,255,530) R

Revises budgeted funding for children with special needs to reflect actual April 1, 2006 headcount. Continuation budget was based on projected headcount. Adjustment does not reduce funding per student.

5 Adjust Projection of Receipts from Civil Penalties & Forfeitures — $30,000,000 R

G/S

Provides funds to address adjusted projection of collections in the Civil Penalties & Forfeitures Fund. Revised amount of receipts budgeted from the Fund to support public schools operations in 2006-07 is $75,500,000.

6 Budget Receipts from Teaching Fellows Trust Fund — ($340,657) R

S

Budgets receipts from Teaching Fellows Trust Fund to support administration of Teaching Fellows Program. Reduces General Fund appropriation to Public School Forum accordingly.

B. Expansion: State Public School Fund

7 Restore Base Budget Funding — $44,291,248 R

S

Restores full base budget funding by eliminating the recurring LEA Discretionary Reduction.

8 ABC Bonuses — $90,000,000 NR

G/S

Funds ABC bonuses for schools that met or exceeded expected growth in the 2005-06 school year.

9 Evaluate Effectiveness of DSSF and Low Wealth — $500,000 NR

G had $750,000

S

Provides additional funds to support comprehensive evaluation of: (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.

10 Low Wealth Supplemental Funding — $41,893,391 R

G

Provides full funding for the Low Wealth Supplemental Funding allotment. LEAs are encouraged to use expansion funds to address the needs of middle school students who are at-risk of academic failure because they lack the literacy skills needed to succeed. In particular, LEAs are encouraged to ensure that all middle school teachers are trained in research-based methods for supporting and enhancing student literacy. LEAs that do not receive Low Wealth Supplemental Funding are encouraged to use other funds, including local funds, for these purposes.

11 Assistant Principals — $1,000,000 R

Allot assistant principal positions on the basis of one 10-month position per 791.7 ADM. This action partially restores funding reduced in the FY 2005-06 budget.

12 Director of High School Turnaround — $122,350 R

1.00

G/S

Provides funds to establish a permanent position to coordinate technical assistance to school districts with high schools identified as critically low performing (performance composite below 60%).

13 Exceptional Children — $1,000,000 R

Increases funding per student by $5.87 for the 170,240 students in the funded headcount of children with special needs. Revised funding per student is $2,972.52.

14 Learn and Earn Initiative — $8,232,388 R; $1,533,360 NR

G/S

Expands the Learn and Earn initiative into an additional 19 high schools (bringing the total to 34). Provides planning grants to 20 additional high schools.

	FY 06-07	
15 Small Specialty High Schools Expands the small specialty high school initiative by creating 21 new small specialty schools-within-schools at 11 new sites (bringing the respective totals to 32 schools at 19 sites). Provides planning grants at 10 small schools that intend to design instruction around the following curricula: science, technology, engineering, and/or math (STEM). Provides $261,680 to support four months of principal salary for each planning site prior to becoming operational in the 2007-08 school year. Any implementation grants for STEM schools shall come from non-State sources.	$3,805,970 $661,680	R NR
16 State Board of Education Operating Support Provides additional funds to support operations of the expanded State Board of Education.	$50,000	NR
17 Virtual High School Provides funds to support implementation of the NC Virtual Public Schools initiative. Funds provide for seven administrative and support positions or contracted employees, 22 three-month positions, and both one-time and ongoing operating support.	$2,588,722 $189,132	R NR
18 School Connectivity Provides funds to be used to upgrade public school connectivity as part of efforts to establish a comprehensive PreK-20 NC Regional Education Network. Funds shall be used to expand the number of public schools serving pre-kindergarten through grade 12 with broadband connectivity; provide "last mile" connectivity to public schools and enhance development of regional broadband networks; infuse technology into schools' instructional efforts; maximize the use of e-Rate; and revise School Technology Plans. Funds that are not expended by June 30, 2007 shall be carried forward for expenditure in FY 2007-08.	$6,000,000	NR
19 Reserve for Fuel Costs Provides funds to be used as needed in FY 2006-07 to support projected increased diesel fuel expenditures.	$13,778,330	NR
C. Expansion: Department of Public Instruction		
20 Legacy System Migration and Upgrade Provides a reserve of funds to be used to bring DPI's information technology applications into compliance with statewide architecture requirements. DPI must obtain approval from the State Chief Information Officer prior to the expenditure of funds for this project. Funds may be carried forward into FY 2007-08. Any unused funds will revert to the General Fund on June 30, 2008.	$2,000,000	NR
21 Network Tool Replacement Provides funds to support the cost of migrating from a network tool not supported by ITS to a tool that is supported.	$375,850	NR

G had $4m
S had $3m

G/S had $16,361,485

FY 06-07

22 Information Technology Security Analyst — $40,000

G/S Provides funds to support a half-time IT security analyst position. The analyst will assist in the development of a security program and the execution of the DPI security charter to ensure compliance with federal regulations and state law. — 0.50

23 Business Continuity Planning Analyst — $42,500 R

G/S Provides funds to support a half-time business continuity planning analyst position. The analyst will develop and perform business continuity planning and management to ensure that DPI is in compliance with state law. — 0.50

24 Purchasing Agent — $58,220 R

G/S Provides funds to support a Purchasing Agent II position. The agent will ensure accurate and efficient processing of all non-IT related service contracts requiring bids. — 1.00

25 NC Wise Owl — $200,000 R

S Provides funding to support increased cost of Statewide subscriptions to online library resources that are made available to all teachers and students.

26 Office of Charter Schools — $161,127 R

S Provides funds to support one administrative assistant, one new education planning and development consultant, and general operations of the Office of Charter Schools. — 2.00

27 Establish Pilot Regional Professional Development Center — $750,000 NR

Provides funds to establish a pilot center for the purpose of coordinating and assisting in the delivery of leadership and professional development. The State Board of Education shall report to the Joint Legislative Education Oversight Committee by January 1, 2007, on the activities and accomplishments of this pilot program. — 5.00

28 Business Technology Applications Analyst

G/S Provides $72,647 from federal receipts to support a business technology applications analyst. The analyst will serve exclusively on the Exceptional Children's project team.

29 NCWISE — $1,900,000 NR

Provides funds to support new short-term contracts required to complete NCWISE development.

D. Expansion: Pass-Through Funds

30 Communities in Schools — $1,000,000 NR

Provides additional funds to State-level non-profit program that supports local CIS programs' efforts to connect at-risk students and their families with resources that will help the students succeed in school.

G/S had $750,000

	FY 06-07	
31 NC Humanities Council Teacher Institute Program Provides funds to non-profit program focused on promoting teaching and learning that develops teachers' capacity to understand, empathize with, and relate to various cultures.	$100,000	NR
32 Teach for America Provides additional funds to non-profit program that recruits recent college graduates in non-education majors to teach in hard-to-staff schools.	$200,000	NR
33 ExplorNet Provides additional funds to non-profit program that promotes effective use of information technology in the public schools.	$200,000	NR
34 Project Enlightenment Provides additional funds for Wake County to assist Project Enlightenment in continuing its model Demonstration Preschool program and consultation and education services to children, families, and other professionals in Wake County.	$50,000	NR
35 Futures for Kids Provides additional funds to non-profit program that enhances schools' capacities to provide students with opportunities for career exploration. Funds will be disbursed once the Futures for Kids program has consolidated operations with the career exploration services provided by the College Foundation of North Carolina. Futures for Kids and CFNC shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations on a consolidation plan prior to execution of that plan.	$300,000	NR
Budget Changes	**$19,094,826**	R
	$119,588,352	NR
Total Position Changes	10.00	
Revised Total Budget	**$6,718,490,275**	

UNC System

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$2,120,397,081

Budget Changes

A. Base Budget Adjustments

36 Building Reserves Adjustment

($9,595,070) NR
-91.80

S

Adjusts the building reserves for operating costs of new buildings due to a change in their completion dates. However, this change in reserves grants additional one-time funds to campuses for supplies, equipment, and moving costs for buildings that opened in FY 05-06, but were inadvertently cut in the 2005 Session.

G = ($9,634,513)

37 NC A&T Inflationary Increases

$163,277 R

G/S

Restores inflationary increases for library book acquisition ($145,491) and utilities ($17,786) that were left out of the base budget submitted by the Governor in the 2005 Session.

38 NC School of Science and Math Textbook Increase

$52,250 R

G/S

Increases the budget for textbooks for the North Carolina School of Science and Math. The school failed to request an increase in the 2005 Session that was sufficient to fund the increase in textbook prices.

B. Expansion

39 Enrollment Growth for UNC Campuses

$78,993,129 R
575.00

G/S

Funds enrollment growth for undergraduate and graduate students in regular term and distance education programs. Enrollment is anticipated to grow by 7,110 full time equivalent (FTE) students in FY 06-07.

40 Enrollment Growth for NC School of Science and Math

$240,000 R
3.75

G/S

Increases the enrollment at the North Carolina School of Science and Math by 12 students.

41 Need-Based Financial Aid

$21,587,990 R

G/S

Increases need-based financial aid for an increase of 1,730 eligible students entering UNC institutions in the Fall of 2006. The increase will also help the 34,930 students now receiving financial aid with price increases in tuition, fees, room, board, books, and supplies.

42 Judicial College — $500,000 R

Increases the operating funds for judicial training at the School of Government at UNC-Chapel Hill. The Judicial College was approved in the 2005 Session with an initial appropriation of $250,000.

G/S = $750,000

43 ECSU Pharmacy Space

G/S

Pays the lease costs for six modular units that temporarily house the ECSU Pharmacy Program until a permanent facility is constructed. — $43,000 NR

44 Graduate Nurse Scholarship Program for Faculty Production — $1,200,000 R

G/S

Creates a graduate nurse scholarship loan program to provide $15,000 per year for up to two years for master's candidates in nursing education and up to three years for doctoral candidates. Each recipient is required to teach in a public nursing education program in North Carolina for each year they receive a scholarship loan or they must repay the loan.

45 New Bachelor of Science in Nursing Programs — $850,000 NR

G/S

Provides startup funds for new Bachelor of Science in Nursing programs at Fayetteville State University and UNC-Pembroke and a new RN to BSN program at Appalachian State University. FSU and UNCP will each receive $300,000 and ASU will receive $250,000.

46 Area Health Education Centers (AHEC) Expansion — $1,000,000 NR

Funds North Carolina Area Health Education Centers (AHEC) initiative to address health workforce shortages in Allied Health, Dentistry, Nursing, and Pharmacy. In Allied Health, adds new clinical teaching sites throughout the state with an emphasis on physical therapy, speech language pathology, and occupational therapy. Provides clinical training for PharmD students at ECSU. Supports rural training sites for dental students. Expands AHEC nursing grants program.

S = $1,300,000

47 AHEC Program to Strengthen Psychiatrist Recruitment and Retention — $500,000 NR

Funds the NC Area Health Education Centers (AHEC) program to develop innovative models for educating psychiatry residents and fellows in rural and underserved areas of the state in order to improve recruitment and retention of psychiatrists in rural communities, and to strengthen the provision of psychiatry services to these communities.

S = $1,000,000

48 Translational Medicine Program - UNC-CH School of Medicine — $1,000,000 R

Expands the Translational Medicine Program at the UNC-Chapel Hill School of Medicine that was begun in FY 05-06 with $1 million. The program is designed to identify and train junior faculty members in translational research to speed the development of new drugs, therapeutic strategies, devices and/or diagnostics, and to train physicians to collaborate with research faculty to apply medical discoveries to patient care and patient observations in research programs to improve health care.

S = $2,500,000

49 Kannapolis Research Campus — $4,000,000 / $1,000,000 R / 25.00

Funds the first year cost of the University of North Carolina's involvement in the North Carolina Research Campus, located at the site of the old Cannon Mills headquarters in Kannapolis. The campus will be the centerpiece of a public-private partnership between the state of North Carolina and Mr. David Murdock and his companies, Dole Foods and Castle & Cooke.

S = $5,000,000 R

50 NC A & T State University Matching Funds — $614,847 R

G/S

Increases the campus match of federal funds from 90% to 100% 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.

51 Biomanufacturing Research Institute and Technology Enterprise (BRITE) — $2,500,000 R

G/S

Provides operating support, curriculum development, and equipment for the BRITE program that will begin in Fall 2006 at NC Central University. Students and faculty will share space in the Mary M. Townes Science Building until the BRITE facility is completed.

52 Biomanufacturing Training and Education Center (BTEC) — $2,000,000 R

G/S

Provides operating support, curriculum development, and equipment for the BTEC program at NC State University. BTEC academic courses will begin in the summer of 2006 even though the BTEC facility will not be completed until 2007.

53 Statewide Program for Infection Control and Epidemiology (SPICE) — $400,000 NR

S = $500,000

Provides operating support to the Statewide Program for Infection Control and Epidemiology (SPICE) at the UNC-Chapel Hill School of Medicine.

54 Institute of Medicine — $250,000 NR

Increases the Institute of Medicine's capacity to provide relevant health data and policy recommendations to the General Assembly and other state policy makers. Funding will enable the Institute to undertake two additional studies per year and to provide a rapid response for data analysis for state decision makers.

S = $500,000

55 Family House at UNC Hospitals — $500,000 NR

Assists the effort to construct the Family House at UNC Hospitals. This two-story, 40 bedroom facility on Old Mason Farm Road in Chapel Hill will provide affordable housing to critically ill patients, their family members and caregivers when visiting UNC Hospitals for evaluation or treatment. Family House has raised $4.3 million of the $6.3 million construction cost and hopes to open by mid 2007.

S = $1,000,000

56 TEACCH $248,349 R

Appropriates funds to the TEACCH Program in the Department of Psychiatry at UNC-CH as follows: (1) to increase the psychoeducational therapists' salaries and for additional fringe benefits; (2) for TEACCH clinic rents and operations; and (3) for the TEACCH DX and Medical Consultant Clinic.

S = $448,349

57 UNC-CH Cochlear Implant Program $350,000 NR

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.

58 Focused Growth Campus Funds $1,000,000 NR

Provides additional funds to be evenly divided among the seven focused growth institutions (ECSU, FSU, NCA&T, NCCU, UNC-P, WCU, and WSSU).

59 Special Needs Institutions $620,000 NR

Provides funds to UNC-Asheville ($500,000) and the NC School of the Arts ($120,000) for nonrecurring needs.

60 North Carolina Progress Board $200,000 NR

Provides funding for the increased research efforts of the Progress Board.

61 NCSU Center for Universal Design $300,000 NR

Provides funding 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.

62 Reserve for Utility and Fuel Costs $9,306,657 NR

Creates a Utilities Reserve to compensate for shortfalls in university utility budgets caused by higher rates in electricity, natural gas, fuel oil, gasoline, and diesel fuel.

G = $11,540,777
S = $8,252,127

63 Legislative Tuition Grant Increase $3,149,000 R

Increases the Legislative Tuition Grant from $1,800 per student in private colleges to $1,900.

S

64 State Contractual Scholarship Fund Increase $3,116,125 R

Increases the State Contractual Scholarship Fund from $1,150 per student in private colleges to $1,250. These funds are used for financially needy students.

S

65 LTG and SCSF Expansion $1,500,000

Expands the Legislative Tuition Grant and the State Contractual Scholarship Fund to part-time students that are lateral entry teachers or are nurses seeking additional certification.

66 NC LIVE for Private Colleges $250,000 NR

Funds a portion of the costs charged to private colleges for their participation in NC LIVE (North Carolina Libraries for Virtual Education), the state's electronic library that provides access to magazine articles, national and local newspapers, business and professional journals, reference sources and research material.

67 UNC-NCCCS 2+2 Joint E-Learning Initiative $1,000,000 NR

G/S

Provides funds to continue the UNC-NCCCS 2+2 E-Learning Initiative which began in 2005-06. This funding will be used to continue to build online capacity, teacher education courses, and accessibility for students in 2+2 teacher education programs.

68 UNC-Chapel Hill DESTINY Traveling Science Lab $500,000 R

G: $1,650,000 R
#350,000 NR
S: #388,530 NR

Provides funds for the DESTINY Traveling Science Lab program to support personnel and other costs associated with the program that will no longer be supported by grant funds.

69 Principals' Executive Program Initiative $250,000

G

Provides funds to the Principals' Executive Program (PEP) for an initiative focused on improving the management and leadership skills of principals in high need schools. PEP shall provide a customized professional development program and a coaching/mentor component that provides assistance at the school level.

70 Expand Prospective Teacher Scholarship Loan Program $1,000,000 R

G/S

Provides funds for an additional 400 Prospective Teacher Scholarship Loans (PTSL). Priority for the additional awards shall be given to students seeking teacher licensure in middle and high school mathematics and science as well as students participating in a 2+2 teacher education program between the constituent institutions in the University of North Carolina and the NC Community College System.

71 North Carolina in the World Project $200,000 NR

G/S

Provides funds to continue the NC in the World Project which began in FY 05-06. This project is an initiative of the NC Center for International Understanding and is focused on improving students knowledge and skills about the world.

72 A+ Schools $100,000 NR

Provides funds to the A+ Schools program affiliated with the University of North Carolina at Greensboro to expand the number of public schools participating in the program. The program assists schools in implementing school reform by integrating arts into the curriculum.

	FY 06-07	
73 Hunt Institute Provides additional operating support for the James B. Hunt, Jr. Institute for Educational Leadership and Policy in Chapel Hill. These funds will enable the Institute to sponsor a number of new initiatives focused on improving science and math instruction, encouraging extracurricular programs for students, and expanding the Institute's reach to vested interests in educational improvement such as mayors and chambers of commerce.	$500,000	NR
74 Math and Science Education Network Pre-College Program Expansion Provides additional funds for the NC Math and Science Education Network to expand the number of Pre-College Programs. These programs help prepare under-represented students to pursue college studies in math and science.	$670,000	NR
75 Expand Future Teachers of North Carolina Scholarship Loan Program Provides funds for an additional 75 scholarship loans each year. This program awards scholarship loans 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 NC public schools. The scholarship loan award is $6,500 per year.	$487,500	R
76 World View Provides funds to UNC-CH for World View, a program focused on preparing educators to respond to the challenges of an increasingly interconnected world and to help students succeed in a global economy.	$10,000	NR
Budget Changes	**$122,852,467**	R
	$9,704,587	NR
Total Position Changes	511.95	
Revised Total Budget	**$2,252,954,135**	

Community Colleges

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$767,295,886

Budget Changes

A. Access

77 Enrollment Growth — $7,040,090 R

G/S

Fully funds the community college enrollment request. Enrollment increased by 2,250 FTE, from 190,750 to 193,000, an increase of 1.18%.

78 Multi-Campus College Enrollment Growth — $601,171 R

G/S

Provides funds to accommodate enrollment growth at 12 multi-campus locations. Total supplemental funding for multi-campus colleges will be $10,916,638, distributed on a formula basis to 16 colleges for 23 sites.

79 Enrollment Growth Reserve — $1,000,000 NR

G/S - $2m

Provides funds for an Enrollment Growth Reserve to assist colleges that experience high growth in the Fall semester. Funds shall be distributed to colleges that realize an increase greater than 5% over the previous Fall semester.

80 Need Based Financial Aid for Teaching and Nursing — $500,000 NR

G/S

Provides funds for financially needy students enrolling in teacher prep or nursing programs. This program will be funded through the Lottery Scholarship program beginning in FY 07-08.

81 Associate Director of Financial Aid — $73,466 R; $4,150 NR; 1.00

G/S

Provides funding in the System Office budget for an Associate Director of Financial Aid to provide guidance, leadership, and training to assist college financial aid offices. The General Assembly encourages the State Board of Community Colleges to develop and implement a comprehensive financial aid professional development program for college financial aid staff.

82 Community College Financial Aid Staff — $3,557,430 R

S

Provides one position in the base allotment for administration for additional financial aid staff at each college. These funds are restricted to use for student services positions and may not be transferred or used for any other purpose.

Gov had 1/2 position financial aid; 1/2 position Student Services.

B. Improving Instruction

83 Equipment

G/S

Provides additional funds for the purchase of instructional equipment at all 58 community colleges. The State Board of Community Colleges may use up to $94,973 of these funds in FY 06-07 for furniture and equipment at the System Office. The remainder of the funds shall be distributed to the colleges in accordance with the existing equipment formula.

$10,000,000 NR

84 Director of Joint High School - Community College Programs

G/S

Provides funds in the System Office budget for the creation of a Statewide director of joint high school - community college programs, including Learn and Earn, Middle College, Huskins, and dual enrollment.

$83,950 R
$4,150 NR
1.00

85 State Board Reserve Funds

G/S

Provides additional funding to the State Board Reserve to provide one-time grants to colleges starting new programs.

$500,000 NR

86 Faculty & Professional Staff Salaries

S

Funds are included in the Salary Reserve Section of this budget to provide a 6% permanent salary increase and a 2% bonus to community college faculty and professional staff.

87 Additional Funding for Nursing Programs

Allows the State Board of Community Colleges to fund nursing programs at the colleges on a weighted FTE basis. Colleges may use these funds for nursing equipment and supplies, or to supplement the salaries of nursing faculty.

$1,000,000 R

C. Workforce Development

88 BioNetwork Capstone Center

G/S

Provides additional funds for specialized supplies needed at the BioNetwork Capstone Center.

$310,000 NR

89 Kannapolis Research Campus

Funds the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis. Funds will be used for equipment, faculty and staff, building operations, and lease expense.

$1,700,000 R
$503,564 NR

Sen had $3.445m R

90 BioNetwork Industry Liaison

Provides funds for the creation of a new position in the System Office to assist in the development of NEIT, FIT, and CIT services to meet the needs of the biotechnology industry.

$125,000 R
$4,150 NR
1.00

Gov had $170,850 R

91 Regional Customized Training Directors

G

Provides funds for 2 additional Regional Customized Training Directors, for a total of 7 - one for each economic development region in the State.

$148,470 R
$5,000 NR
2.00

Sen. funded from NEIT

92 NC REAL Enterprises

G/S Provides funding for NC REAL. This program was formerly supported by the Worker Training Trust Fund. $250,000 NR

93 NC Military Business Center

Provides funds for the continued operation of the NC Military Business Center (NCMBC), a program run by Fayetteville Tech in conjunction with Craven CC, Coastal Carolina CC, and Wayne CC, to foster statewide business development originating from the five military bases in the State and to sustain MatchForce.org, the State's website for matching NC businesses with federal contract opportunities. $750,000 NR

Sen. had $1 mil

D. Technology

94 Course Management System & Learning Objects Repository

Provides funds for an online teaching and learning platform for distance education. $1,370,850 R

Gov & Sen had $2 mil

95 Online Help Desk

S Provides funds to establish an online help desk for students enrolled in distance education courses. $605,000 R; $20,000 NR

Gov had $740K R

96 NC Information Highway Expansion

G/S Provides $15,000 each to 8 colleges for the purchase of mobile ("rollabout") videoconferencing equipment. $120,000

97 Virtual Learning Community Development Centers

Provides funding for 2 centers for the development of distance education courses. $300,000 R; $200,000 NR

Gov had $1,025,000

E. Technical Adjustments

98 Hospitalization Insurance

G/S Appropriates hospitalization insurance at the FY 06-07 rate. $1,398,201 R

99 Tuition Receipts Adjustment

Provides funds to replace under-realized tuition receipts. $10,750,000 R

Gov had $8.2 M
Sen had $ 10m

F. Receipt Supported Positions

100 Business & Technology Applications Analyst

S Allows for the creation of a Business & Technology Applications Analyst position in the System Office, Administration Division to assist with Basic Skills needs, including federal literacy reporting requirements. The total requirement for this position is $85,713, to be funded entirely from Federal Adult Education Funds.

Budget Changes	**$28,753,628**	**R**
	$14,171,014	**NR**
Total Position Changes	5.00	
Revised Total Budget	**$810,220,528**	

House Appropriations Subcommittee on Education
Proposed Provisions

June 8, 2006

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H1(S7.1)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective 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 (c) 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 2006-2007 fiscal year to certified personnel of the public schools who are classified as teachers. The schedule contains 31 steps with each step corresponding to one year of teaching experience.

2006-2007 Monthly Salary Schedule
"A" Teachers

Years Of Experience	"A" Teachers	NBPTS Certification
0	$2,851	N/A
1	$2,893	N/A
2	$2,937	N/A
3	$3,093	$3,464
4	$3,233	$3,621
5	$3,367	$3,771
6	$3,496	$3,916
7	$3,600	$4,032
8	$3,648	$4,086
9	$3,697	$4,141
10	$3,747	$4,197
11	$3,796	$4,252
12	$3,847	$4,309
13	$3,898	$4,366
14	$3,951	$4,425
15	$4,005	$4,486

16	$4,060	$4,547
17	$4,115	$4,609
18	$4,174	$4,675
19	$4,232	$4,740
20	$4,290	$4,805
21	$4,352	$4,874
22	$4,413	$4,943
23	$4,479	$5,016
24	$4,543	$5,088
25	$4,608	$5,161
26	$4,674	$5,235
27	$4,742	$5,311
28	$4,813	$5,391
29	$4,884	$5,470
30+	$4,982	$5,580.

2006-2007 Monthly Salary Schedule
"M" Teachers

Years Of Experience	"M" Teachers	NBPTS Certification
0	$3,136	N/A
1	$3,182	N/A
2	$3,231	N/A
3	$3,402	$3,810
4	$3,556	$3,983
5	$3,704	$4,148
6	$3,846	$4,308
7	$3,960	$4,435
8	$4,013	$4,495
9	$4,067	$4,555
10	$4,122	$4,617
11	$4,176	$4,677
12	$4,232	$4,740
13	$4,288	$4,803
14	$4,346	$4,868
15	$4,406	$4,935
16	$4,466	$5,002
17	$4,527	$5,070
18	$4,591	$5,142
19	$4,655	$5,214
20	$4,719	$5,285
21	$4,787	$5,361
22	$4,854	$5,436
23	$4,927	$5,518

24	$4,997	$5,597
25	$5,069	$5,677
26	$5,141	$5,758
27	$5,216	$5,842
28	$5,294	$5,929
29	$5,372	$6,017
30+	$5,480	$6,138.

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

2006-DPI-H2(S7.2)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2.(a) Effective 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 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	$3,592				
5	$3,741				
6	$3,884				
7	$4,000				
8	$4,053	$4,053			
9	$4,108	$4,108			
10	$4,163	$4,163	$4,218		
11	$4,218	$4,218	$4,274		
12	$4,274	$4,274	$4,331	$4,389	
13	$4,331	$4,331	$4,389	$4,450	$4,511
14	$4,389	$4,389	$4,450	$4,511	$4,572
15	$4,450	$4,450	$4,511	$4,572	$4,637
16	$4,511	$4,511	$4,572	$4,637	$4,702
17	$4,572	$4,572	$4,637	$4,702	$4,766
18	$4,637	$4,637	$4,702	$4,766	$4,835
19	$4,702	$4,702	$4,766	$4,835	$4,903
20	$4,766	$4,766	$4,835	$4,903	$4,976
21	$4,835	$4,835	$4,903	$4,976	$5,047
22	$4,903	$4,903	$4,976	$5,047	$5,120
23	$4,976	$4,976	$5,047	$5,120	$5,192

24	$5,047	$5,047	$5,120	$5,192	$5,268
25	$5,120	$5,120	$5,192	$5,268	$5,347
26	$5,192	$5,192	$5,268	$5,347	$5,426
27	$5,268	$5,268	$5,347	$5,426	$5,535
28	$5,347	$5,347	$5,426	$5,535	$5,646
29	$5,426	$5,426	$5,535	$5,646	$5,759
30	$5,535	$5,535	$5,646	$5,759	$5,874
31	$5,646	$5,646	$5,759	$5,874	$5,991
32		$5,759	$5,874	$5,991	$6,111
33			$5,991	$6,111	$6,233
34			$6,111	$6,233	$6,358
35				$6,358	$6,485
36				$6,485	$6,615
37					$6,747

Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
0-14	$4,637			
15	$4,702			
16	$4,766	$4,835		
17	$4,835	$4,903	$5,047	
18	$4,903	$4,976	$5,120	$5,192
19	$4,976	$5,047	$5,192	$5,268
20	$5,047	$5,120	$5,268	$5,347
21	$5,120	$5,192	$5,347	$5,426
22	$5,192	$5,268	$5,426	$5,535
23	$5,268	$5,347	$5,535	$5,646
24	$5,347	$5,426	$5,646	$5,759
25	$5,426	$5,535	$5,759	$5,874
26	$5,535	$5,646	$5,874	$5,991
27	$5,646	$5,759	$5,991	$6,111
28	$5,759	$5,874	$6,111	$6,233
29	$5,874	$5,991	$6,233	$6,358
30	$5,991	$6,111	$6,358	$6,485
31	$6,111	$6,233	$6,485	$6,615
32	$6,233	$6,358	$6,615	$6,747
33	$6,358	$6,485	$6,747	$6,882
34	$6,485	$6,615	$6,882	$7,020
35	$6,615	$6,747	$7,020	$7,160
36	$6,747	$6,882	$7,160	$7,303
37	$6,882	$7,020	$7,303	$7,449

38	$7,020	$7,160	$7,449	$7,598
39		$7,303	$7,598	$7,750
40		$7,449	$7,750	$7,905
41			$7,905	$8,063

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 2006-2007 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 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H3A(S7.3)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

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 2006-2007 fiscal year, beginning July 1, 2006.

School Administrator I	$3,079	$6,012
School Administrator II	$3,268	$6,378
School Administrator III	$3,468	$6,765
School Administrator IV	$3,608	$7,035
School Administrator V	$3,753	$7,319
School Administrator VI	$3,982	$7,762
School Administrator VII	$4,142	$8,075

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 2006.

SECTION 7.3.(b) The monthly salary ranges that follow apply to public school superintendents for the 2006-2007 fiscal year, beginning July 1, 2006.

Superintendent I	$4,396	$8,566
Superintendent II	$4,667	$9,084
Superintendent III	$4,952	$9,637
Superintendent IV	$5,225	$10,221
Superintendent V	$5,578	$10,844

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 five percent (5%), 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.

SECTION 7.3.(g) The Director of the Budget shall transfer from the Reserve for Compensation Increases, funds necessary to provide a one-time, lump-sum compensation bonus, payable at the end of the employee's first pay period after October 1, 2006, of one percent (1%) for all central office employees whose salaries are supported from the State's General Fund and who are employed by the public schools on October 1, 2006.

Local boards of education shall provide a one-time, lump-sum compensation bonus, payable at the end of the employee's first pay period after October 1, 2006, of one percent (1%) for all such employees who were employed on October 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H4(S7.4)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NONCERTIFIED PERSONNEL SALARY AND FAIR MINIMUM PAY

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 five percent (5%), 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 2005-2006 and who continue their employment for fiscal year 2006-2007 by providing an annual salary increase for employees of five percent (5%).

SECTION 7.4.(c) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of five percent (5%) for the 2006-2007 fiscal year.

SECTION 7.4.(d) Effective July 1, 2006, permanent full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be paid a minimum salary of at least twenty thousand one hundred twelve dollars ($20,112) per year. Permanent, full-time employees working on a schedule requiring less than 12 months' service per year and permanent part-time employees, whose salaries are supported from the State's General Fund, shall be paid the minimum salary pro rata. The fair minimum wage salary adjustment provided by this section shall be calculated and awarded after any across-the-board salary increases authorized by this act.

SECTION 7.4.(e) The Director of the Budget shall transfer from the Reserve for Compensation Increases, funds necessary to provide a one-time, lump-sum compensation bonus, payable at the end of the employee's first pay period after October 1, 2006, of one percent (1%) for all noncertified public school employees whose salaries are supported from the State's General Fund and who are employed by the public schools on October 1, 2006.

Local boards of education shall provide a one-time, lump-sum compensation bonus, payable at the end of the employee's first pay period after October 1, 2006, of one percent (1%) for all such employees who were employed on October 1, 2006.

DRAFT
SPECIAL PROVISION

2006-DPI-H5(S7.5)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Effective July 1, 2006, any permanent personnel employed on July 1, 2006, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%). Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

DRAFT
SPECIAL PROVISION

2006-DPI-H6A(S7.6)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.6.(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 2005-2006 school year, in accordance with the ABCs of Public Education Program. In accordance with State Board of Education policy:

(1) Incentive awards in schools that achieve higher than expected improvements may be up to:
   a. One thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and
   b. Five hundred dollars ($500.00) for each teacher assistant.

(2) Incentive awards in schools that meet the expected improvements may be up to:
   a. Seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and
   b. Three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 7.6.(b) Notwithstanding G.S. 143-23, the State Board of Education may use funds appropriated to the Department of Public Instruction and to the State Public School Fund to establish a consolidated, comprehensive program through which to provide assistance to low-performing schools. For this purpose only, the Board may, with approval from the Office of State Budget and Management, transfer funds between personal service and nonpersonal service line items currently supporting positions, related operating costs, and contracts for school improvement teams and for assistance teams. Funds transferred pursuant to this section shall not be used to raise the salary of existing employees.

The Board shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations by January 15, 2007, on any restructuring of the assistance program pursuant to this section.

SECTION 7.6.(c) The Joint Legislative Education Oversight Committee shall review the incentive award structure described in this section and determine whether the relationship between awards for teachers and teacher assistants at each level of achievement is appropriate.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H7(S7.7)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

CHILDREN WITH DISABILITIES

SECTION 7.7. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand nine hundred seventy-two dollars and fifty-two cents ($2,972.52) per child for a maximum of 170,240 children for the 2006-2007 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 2006-2007 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.

DRAFT
SPECIAL PROVISION

2006-DPI-H8(S7.8)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.8. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of nine hundred sixty-one dollars and sixty cents ($961.60) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2006-2007 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 57,419 children for the 2006-2007 school year.

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H10(S7.11)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

LEARN AND EARN HIGH SCHOOLS

SECTION 7.11. Section 7.32 of S.L. 2005-276 is amended by adding the following new subsections:

"**SECTION 7.32.(e)** Enrollment fees and tuition for The University of North Carolina courses in which Learn and Earn students are enrolled are allowable uses of these funds. Tuition costs may include laboratory fees assessed to all students enrolled in the course or a similar course.

SECTION 7.32.(f) Textbooks required for college courses in which Learn and Earn students are enrolled may be purchased with these funds.

SECTION 7.32.(g) Payment of fees from these funds by local school administrative units to partnering community colleges and universities are restricted to technology or course fees. Funds appropriated in this act shall not be used to support the cost of athletic or other student activity or campus fees not required by enrollment in a specific course.

SECTION 7.32.(h) The State Board of Education shall allot funds for university enrollment, tuition and fees, and textbooks on the basis of and after verification of the credit hour enrollment of Learn and Earn students in university courses. The State Board of Education shall allot funds for community college fees and textbooks on the basis of and after verification of the credit hour enrollment of Learn and Earn students in community college courses."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H11(S7.12)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NC WISE POSITIONS

SECTION 7.12.(a) Notwithstanding G.S. 143-23, the State Board of Education may, in consultation with the Office of Information Technology Services, use funds appropriated in this act for NC WISE to create a maximum of 20 positions and incur expenditures necessary to transfer the maintenance and administration of the NC WISE system from the vendor to the Department of Public Instruction.

SECTION 7.12.(b) The Department of Public Instruction shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the NC WISE project.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H21(S7.14)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

EXPAND LEA ACCESS TO EDUCATION VALUE ADDED ASSESSMENT SYSTEM (EVAAS)

SECTION 7.14.(a) The State Board of Education shall identify local school administrative units to receive funds for purchasing licenses to EVAAS diagnostic software 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 Board shall identify as many units as possible within funds available for this purpose.

SECTION 7.14.(b) Funds appropriated for EVAAS in the 2005-2006 fiscal year shall not revert, but shall be carried forward to the 2006-2007 fiscal year for expenditures for training related to expanding local school administrative units' access to the EVAAS tool. Any such funds not spent by June 30, 2007, shall revert to the General Fund.

SECTION 7.14.(c) This section becomes effective June 30, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H15(S7.16)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NORTH CAROLINA VIRTUAL PUBLIC SCHOOL

SECTION 7.16.(a) The North Carolina Virtual Public School (NCVPS) Program shall report to the State Board of Education and shall maintain an administrative office at the Department of Public Instruction.

SECTION 7.16.(b) The Director of NCVPS will ensure that course quality standards are established and met and that all e-learning opportunities offered by State-funded entities to public school students are consolidated under the NC Virtual Public School Program, eliminating course duplication. The Director shall report on the proposed consolidation and operating plan for 2007-2008 to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division no later than January 15, 2007. Consolidation will be completed by June 30, 2007. Notwithstanding G.S 143-23, the State Board of Education may move funds within the budget to implement the consolidation.

SECTION 7.16.(c) Subsequent to course consolidation, the Director will prioritize e-learning course offerings for students residing in rural and low-wealth county LEAs, in order to expand available instructional opportunities. First-available e-learning instructional opportunities should include courses required as part of the standard course of study for high school graduation and AP offerings not otherwise available.

SECTION 7.16.(d) The State Board of Education shall develop an allotment formula for funding e-learning, effective in the 2007-2008 fiscal year. In developing the formula, the Board shall consider, at a minimum, the following:

(1) The number of students in average daily membership (ADM) projected to enroll in e-learning,
(2) The projected cost of fees for e-learning courses,
(3) The extent to which projected enrollment in e-learning courses affects funding required for other allotments that are based on ADM.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H16(S7.17)-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

DISTANCE EDUCATION

SECTION 7.17. Notwithstanding G.S. 143-23, the State Board of Education may use monies from the State Public School Fund in the 2006-2007 fiscal year only to pay for the additional costs associated with an increased number of registration fees for students enrolling in Distance Education courses.

DRAFT
SPECIAL PROVISION

2006-DPI-H18A(S7.19)

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

ADMINISTRATIVE FUNDING FOR TEACHING FELLOWS PROGRAM

SECTION 7.19.(a) G.S. 115C-363.23A(f) reads as rewritten:

"(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~~ With the prior approval of the General Assembly in the Current Operations Appropriations Act, the revolving fund may also be used by 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."

SECTION 7.19.(b) The Public School Forum, as administrator for the Teaching Fellows Program, may use up eight hundred ten thousand dollars ($810,000) for the 2006-2007 fiscal year from the balance in the revolving fund established in G.S. 115C-363.23A(f) for costs associated with administration of the Teaching Fellows Program. The funding provided for administration of the Teaching Fellows Program in this subsection shall be used to meet current administrative expenses of the Program, expand minority recruitment initiatives, and expand the Program to up to four additional campuses using a merit-based selection process developed by the North Carolina Teaching Fellows Commission.

The Teaching Fellows Program shall report to the Joint Legislative Education Oversight Committee by March 15, 2007, on:

(1) Actual expenditures for the 2005-2006 fiscal year and budgeted expenditures for the 2006-2007 fiscal year for administration of the Program;
(2) Initiatives to recruit minorities to the Program; and
(3) The additional campuses selected to participate in the Program and the selection process.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H19(S7.20)i

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

REFUND OF LOCAL SALES AND USE TAXES TO A LOCAL SCHOOL ADMINISTRATIVE UNIT

SECTION 7.20.(a) G.S. 105-467(b) reads as rewritten:

"(b) Exemptions and Refunds. – The State exemptions and exclusions contained in G.S. 105-164.13, the State sales and use tax holiday contained in G.S. 105-164.13C, and the State refund provisions contained in G.S. 105-164.14 apply to the local sales and use tax authorized to be levied and imposed under this Article. AExcept as provided in this subsection, a taxing county may not allow an exemption, exclusion, or refund that is not allowed under the State sales and use tax. A local school administrative unit and 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 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 the 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 entity and is being erected, altered, or repaired for use by the entity is considered a sales or use tax liability incurred on direct purchases by the entity for the purpose of this subsection. A request for a refund shall be in writing and shall include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the entity's fiscal year. Refunds applied for more than three years after the due date are barred."

SECTION 7.20.(b) Section 7.51(c) of S.L. 2005-276, as amended by Section 7 of S.L. 2005-345, reads as rewritten:

"**SECTION 7.51.(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. 105-164.14(c)(2b) and (2c) during the 2005-2006 fiscal year for State sales and use taxes only 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."

SECTION 7.20.(c) This section becomes effective July 1, 2005, and applies to sales made on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H23

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

STUDY THE COMPENSATION OF SCHOOL PSYCHOLOGISTS WITH NATIONAL CERTIFICATION

SECTION #. The State Board of Education shall study the adequacy of the compensation of school psychologists who are designated as Nationally Certified School Psychologists by the National School Psychology Certification Board. In the course of the study the State Board of Education shall consider (i) whether these school psychologists should be compensated at the same level as teachers who are certified by the National Board for Professional Teaching Standards (NBPTS) and (ii) the cost of compensating them at that level.

The State Board of Education shall report the results of its study to the Joint Legislative Education Oversight Committee prior to January 15, 2007.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-UNC-H3(S9.1)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

UNC-NCCCS 2+2 E-LEARNING INITIATIVE

SECTION 9.1. The University of North Carolina and Community Colleges System Office shall report by September 1, 2006, to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division of the General Assembly on the implementation of the UNC-NCCCS 2+2 E-Learning Initiative. This report shall include:

(1) The courses and programs within the 2+2 E-Learning Initiative;

(2) The total number of prospective teachers that have taken or are taking part in this initiative to date broken down by the current academic period and each of the previous academic periods since the program's inception;

(3) The total number of teachers currently in the State's classroom, by local school administrative unit, who have taken part in this initiative;

(4) The change in the number of teachers available to schools since the program's inception;

(5) The qualitative data from students, teachers, local school administrative unit personnel, university personnel, and community college personnel as to the impact of this initiative on our State's teaching pool; and

(6) An explanation of the expenditures and collaborative programs between the North Carolina Community College System and The University of North Carolina, including recommendations for improvement.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-UNC-H4(S9.2)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

TEACHER EDUCATION PROGRAM ENROLLMENT PLANS

SECTION 9.2. 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. The University of North Carolina General Administration shall obtain plans from each constituent institution 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 General Administration believes will achieve those results. The University of North Carolina General Administration shall report back to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee no later than December 30, 2006, on each constituent institution's plan. No later than March 31, 2007, The University of North Carolina General Administration shall submit a report on progress towards meeting this priority for the 2007-2008 academic year, based on each constituent institution's current students in the education programs, and the students who have been accepted for the 2007-2008 fiscal year who are enrolling in the education programs. The report shall also explain the distribution of enrollment growth funds by specific initiative.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-UNC-H5(S9.3)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NORTH CAROLINA IN THE WORLD PROJECT

SECTION 9.3. In collaboration with the State Board of Education and the NC Department of Commerce, the NC Center for International Understanding shall develop a plan to ensure that public K-12 international education efforts such as teacher and student exchanges, curriculum development, and other initiatives for students, teachers, and administrators are focused on key countries and regions of strategic economic interest to North Carolina. The NC Center for International Understanding shall report to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee on the activities and accomplishments of the two hundred thousand dollar ($200,000) nonrecurring appropriation for North Carolina in the World Project no later than March 31, 2007.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-UNC-H18-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

A+ SCHOOLS – BUDGET TECHNICAL CORRECTION

SECTION #. Recurring funds in the amount of one hundred thousand dollars ($100,000) appropriated to the Department of Public Instruction for the 2006-2007 fiscal year in S.L. 2005-276 as pass-through funds for A+ Schools shall be transferred to the Board of Governors of The University of North Carolina to provide pass-through funds for A+ Schools for the same purpose of providing support for the program that assists schools in implementing comprehensive school reform by integrating arts into the curriculum.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DPI-H22A

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representative

CLARIFY REQUIREMENTS FOR STUDENTS RECEIVING PHYSICAL EDUCATION – COACHING SCHOLARSHIP LOANS

SECTION #.(a) G.S. 116-209.36(a) reads as rewritten:

"(a) There is established the Physical Education – Coaching Scholarship Loan Fund. The purpose of the Fund is to provide scholarship loans to students who are pursuing college degrees to become public schoolteachers and coaches or assistant coaches. Coaching Fellows shall be offered a curriculum and extracurricular activities that ~~advances~~ advance skills in physical education and coaching and that ~~instills~~ instill 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."

SECTION #.(b) The Board of Governors of The University of North Carolina, in consultation with the North Carolina Independent Colleges and Universities, Inc., the North Carolina High School Athletic Association, Inc., and The North Carolina Coaches Association, shall study the curriculum and extracurricular activities appropriate for recipients of scholarship loans. The extracurricular activities may include programs and seminars with teachers currently coaching in North Carolina public schools.

The Board of Governors shall report the results of the study, including the costs of implementing its proposals, to the Joint Legislative Education Oversight Committee prior to January 15, 2007.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-UNC-H8A(S9.6)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION

SECTION 9.6.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year, the sum of one million two hundred thousand dollars ($1,200,000) shall be used to establish the Graduate Nurse Scholarship Program for Faculty Production.

SECTION 9.6.(b) The allocation of funds under subsection (a) of this section is contingent upon the enactment of House Bill 2003 of the 2006 Session of the General Assembly or substantially similar legislation that establishes the Graduate Nurse Scholarship Program for Faculty Production. If House Bill 2003 or similar legislation that establishes the Graduate Nurse Scholarship Program for Faculty Production is not enacted, then the funds allocated under subsection (a) of this act shall revert to the General Fund.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-UNC-H9(S9.7)i

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

MANAGEMENT FLEXIBILITY TO REORGANIZE BUDGET CODE 16012 UNC BOARD OF GOVERNORS RELATED EDUCATIONAL PROGRAMS

SECTION 9.7. Notwithstanding G.S. 143-23, for the 2006-2007 fiscal year, the General Administration of The University of North Carolina and the State Educational Assistance Authority shall, with the approval of the Office of State Budget and Management, reorganize budget code 16012, UNC Board of Governors Related Educational Programs, so that the budget reflects and segregates each specific program individually. The Office of State Budget and Management shall work with The University of North Carolina General Administration and the State Educational Assistance Authority to ensure that each program represented in code 16012 is identified and budgeted separately.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-UNC-H15A(S9.13)-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

TUITION AND CONTRACTUAL GRANTS FOR TEACHING/NURSING

SECTION 9.13.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year, the sum of one million five hundred thousand dollars ($1,500,000) shall be used to implement the provisions of House Bill 1928 of the 2006 Session of the General Assembly, Senate Bill 1476 of the 2006 Session of the General Assembly, or substantially similar legislation to provide State Contractual Scholarship Fund grants and legislative tuition grants for students who have bachelors degrees but are pursuing licensure as nurses or teachers.

SECTION 9.13.(b) The allocation of funds under subsection (a) of this section is contingent upon the enactment of House Bill 1928 of the 2006 Session of the General Assembly, Senate Bill 1476 of the 2006 Session of the General Assembly, or substantially similar legislation that provides State Contractual Scholarship Fund grants and legislative tuition grants for students who have bachelors degrees but are pursuing licensure as nurses or teachers. If House Bill 1928 of the 2006 Session of the General Assembly, Senate Bill 1476, or substantially similar legislation that provides State Contractual Scholarship Fund grants and legislative tuition grants for students who have bachelors degrees but are pursuing licensure as nurses or teachers is not enacted, then the funds allocated under subsection (a) of this act shall revert to the General Fund.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-UNC-H16-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative

NORTH CAROLINA RESEARCH CAMPUS AT KANNAPOLIS

SECTION #.(a) The Director of the Office of State Budget and Management shall not release funds appropriated in this act to the Board of Governors of The University of North Carolina for the North Carolina Research Campus (NCRC) at Kannapolis until the President of The University of North Carolina certifies to the Director that The University System and the developers of NCRC have entered into a Memorandum of Understanding concerning the participation in and use of space at the North Carolina Research Campus that is approved by the President.

SECTION #.(b) The Director of the Office of State Budget and Management shall not release funds appropriated in this act to the North Carolina Community Colleges System Office for the North Carolina Research Campus (NCRC) at Kannapolis until the President of the North Carolina Community College System certifies to the Director that the Community College System and the developers of NCRC have entered into a Memorandum of Understanding concerning the participation in and use of space at the North Carolina Research Campus that is approved by the President.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DOCC-H1(S8.1)

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.1.(a) Section 8.3 of S.L. 2005-276 is amended by adding a new subsection to read:

"**SECTION 8.3.(b1)** For the 2006-2007 school year, the minimum salaries for nine-month, full-time, curriculum community college faculty shall be as follows:

Education Level	Minimum Salary 2006-2007
Vocational Diploma/Certificate or Less	$31,728
Associate Degree or Equivalent	$32,195
Bachelors Degree	$34,220
Masters Degree or Education Specialist	$36,016
Doctoral Degree	$38,607

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 8.1.(b) Section 8.3(g) of S.L. 2005-276 reads as rewritten:

"**SECTION 8.3.(g)** ~~Funds~~ For the 2005-2006 fiscal year, 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. For the 2006-2007 fiscal year, funds appropriated in this act for salary increases shall be used to increase faculty and professional staff salaries by an average of six percent (6%). 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 2006

DRAFT
SPECIAL PROVISION

2006-DOCC-H3(S8.3)i

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 8.3.(a) Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2005-2006 fiscal year but shall remain available until expended.

SECTION 8.3.(b) Notwithstanding G.S. 143-23, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management, in consultation with the Office of Information Technology Services, and after consultation with the Joint Legislative Commission on Governmental Operations, use funds appropriated in this act for the College Information System Project to create a maximum of 20 positions or incur expenditures necessary to transfer the maintenance and administration of the College Information System Project from the vendor to the System Office.

SECTION 8.3.(c) 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 8.3.(d) Subsection (a) of this section becomes effective June 30, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DOCC-H4(S8.4)i

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

CARRYFORWARD FOR EQUIPMENT

SECTION 8.4.(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 ten million dollars ($10,000,000) of the operating funds that were not reverted in fiscal year 2005-2006 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 8.4.(b) This section becomes effective June 30, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DOCC-H5(S8.5)i

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

NC COMMUNITY COLLEGE SYSTEM MAY USE STATE FUNDS IN LIEU OF FEDERAL FUNDS DUE TO FEDERAL MANDATES

SECTION 8.5. Notwithstanding G.S. 143-23, the Community Colleges System Office may use State literacy funds to fund the State administration of the GED office. Federal funds previously used to support the State administration functions shall be reallocated to the colleges.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DOCC-H6(S8.6)i

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

REPORT ON THE NCCCS BIONETWORK

SECTION 8.6. The Community Colleges System Office shall report by November 1, 2006, to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division on the implementation of the NCCCS BioNetwork. This report shall include an explanation of the BioNetwork's activities, accomplishments, and expenditures.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DOCC-H7(S8.7)i

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

STUDY OF NEW AND EXPANDING INDUSTRY TRAINING

SECTION 8.7. The Office of State Budget and Management shall conduct a study to analyze and evaluate the New and Expanding Industry Training program of the North Carolina Community College System. This study shall examine the companies served, the number of times each company has been served, the number of jobs created, the length of time the company has remained in North Carolina after receiving New and Expanding Industry Training funds, and whether the company has maintained employment levels at the same level promised when training was received. The findings of the study shall be reported to the Joint Legislative Education Oversight Committee no later than April 1, 2007.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-DOCC-H8(S8.8)i

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

MATCHING REQUIREMENT FOR BOND FUNDS

SECTION 8.8. Section 3(d) of S.L. 2000-3 reads as rewritten:

"**Section 3.(d)** If the State Board of Community Colleges determines that a community college has not met its matching requirements by July 1, ~~2006.~~2007, with respect to a capital improvement project for which bond proceeds are allocated in this act, the Board shall certify that fact to the State Treasurer by October 1, ~~2006.~~2007. All of these bond proceeds with respect to which the Board certifies that the matching requirement has not been met by July 1, ~~2006,~~2007, shall be placed by the State Treasurer in a special account within the Community Colleges Bond Fund and shall be used for making grants to community colleges. Bond proceeds in the special account shall be allocated among the community colleges in accordance with the following conditions:

(1) The State Board of Community Colleges shall generate, by October 1, ~~2006,~~2007, a priority ranking of legitimate community college capital improvement needs using a formula based on objective meaningful factors relevant to capital needs, including actual and projected enrollment, space requirements, current capacity, construction costs, and any other factors the State Board considers relevant.

(2) The State Board of Community Colleges shall provide the State Treasurer a projected allocation of the proceeds in the special account in accordance with this priority ranking, except that:

a. No projected allocation shall be made for a community college that the Board certified in accordance with this subsection had failed to meet a matching requirement.

b. No more than four million dollars ($4,000,000) shall be allocated to a single community college.

c. Funds shall not be allocated for more than one project per community college.

(3) The proceeds of grants made from bond proceeds in the special account shall be allocated and expended for paying the cost of community college capital improvements in accordance with this allocation by the State Board of Community Colleges, to the extent and as provided in this act. The Director of the Budget is empowered, when the Director of the Budget determines it is in the best interest of the State and the North Carolina Community College System to do so,

and if the cost of a particular project is less than the projected allocation, to use the excess funds to increase the size of that project or increase the size of any other project itemized in this section, or to increase the amount allocated to a particular community college within the aggregate amount of funds available under this section. The Director of the Budget shall consult with the Advisory Budget Commission and the Joint Legislative Commission on Governmental Operations before making these changes."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALH-68 [v.1]

Date _____,2006

Comm. Sub. [NO]
Amends Title [NO]
EDUC Sub Money Report

Representative Cleveland

moves to amend the House Appropriations Subcommittee on Education Money Report, dated June 8, 2006,
on page F-6, Item # 39,
by reducing the dollar amount for that item by $5,200,000; and

by adding a new line item to read:

"39.1.	Nonresident Student Scholarship funds Funds student scholarships for nonresident students for the 2006-2007 fiscal year with non-recurring funds."	$5,200,000 NR

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

VISITOR REGISTRATION SHEET

APPR on Education — 6-08-06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
JoAnn Norris	Public School Forum
Jim Stegall	U.C.P.S.
Emily MacNaughton	NCPAPA
Sue Harris	WCPSS
Leanne Winner	NCSBA
Katherine Joyce	NCASA
Ellen Greaves	PENC
[illegible]	NCAE
[illegible]	NCSU
James Fitzgerald	NCAE/PC
Bryan J. Conrad	OSBM

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth Groves	OSBM
Kristen Crosson	OSBM
Rebecca Trantham	NCACC
Brian Lewis	Commerce
Steve Shaber	Poyner + Spruill
Roz Savitt	NC Child Care Coalition
Al Speed	NCCCR
Jim Stegall	U.C.P.S.
Phillip Price	NCDPI
Becky McCarley	DPI
Trey O'Quinn	OSBM

VISITOR REGISTRATION SHEET

ABRR On Educator — 6-08-06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Don McCorquodale	SAS
Evelyn Hawthorne	EDTGR
Michael Houser	NCAE
Mary Wilson	SBE
Debra Garland	SBE
Rita L. Joyner	SBE
Suzanne Williams	NCCCS
Mark Fr[illegible]	University
Ann McAdams	Governor's Office
Gene Causby	NCCA

Joint Appropriations Subcommittee on Education
Agenda

Tuesday, June 20, 2006, 8:30 a.m.
Room 421, Legislative Office Building

Senator A. B. Swindell, Presiding

I.	**Welcome and Introductions**	Co-Chairs
II.	**Review Items in Controversy**	
	Public School	Adam Levinson *Fiscal Research Division*
	Community Colleges	Kristine Leggett *Fiscal Research Division*
	University System	Richard Bostic Jennifer Haygood *Fiscal Research Division*
III.	**Adjournment**	

MINUTES
JOINT APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION/HIGHER EDUCATION

June 20, 2006

The appointed conferees of the Senate Appropriations Subcommittee on Education/Higher Education and the House Appropriations Subcommittee on Education met jointly in Room 421 of the Legislative Office Building at 8:30 a.m. Seven senate conferees were present and Representatives Carney; Jeffus; McLawhorn; Tolson, Parmon, Bell and Fisher. Members of the Fiscal Research Division were also in attendance and an attendance sheet is attached (Attachment 1).

The chair called the meeting to order at 8:30 a.m. and welcomed members and guests. He advised that the purpose of the meeting was for members of the Fiscal staff to review differences between the Senate and House versions of the budget. He asked pages serving to introduce themselves and identify their sponsors.

The chair recognized Kristine Leggett of the Fiscal Research Division, and she referred conferees to the handout entitled, "2006-07 Senate & House Budget Proposals Comparison Report, dated June 20, 2006" (Attachment 2) and reviewed the items in the Community College section shown shaded in gray.

The chair called on Adam Levinson of the Fiscal Research Division to review the differences in the Public Education section of the budget shown shaded in gray.

The chair called on Richard Bostic and Jennifer Haygood of the Fiscal Research Division to review the differences in the University System budget. Questions were raised and answered.

Members of Fiscal Research Division reviewed with conferees the handout entitled, "Senate and House Budget Items in Controversy: Education, dated June 20, 2006" (Attachment 3). Questions were raised and answered.

At the conclusion of the presentations, the chair adjourned the meeting at 9:25 a.m.

Respectfully submitted,

A. B. Swindell, Co-Chair

Attest:

Mo Hudson, Committee Clerk

VISITOR REGISTRATION SHEET

Jt. Mtg. Conferees Approp. Subc. Educ/Higher Ed. — June 20, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	NCICU
Katherine Joyce	NCA&M
Molly Ryan	NCSBA
Alice Garland	NCEL
Gene Causby	NCMA
Joanne Stevens	NCNA
[signature]	NCFB
[signature]	NCICU
[signature]	EGHS
Charlene Carey	NC Right to Life

VISITOR REGISTRATION SHEET

Jt. Legislative Education Oversight Committee — [redacted] — June 20, 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Mohyde	Governor's
Kelly Calabria	Capstrat
Robert Powell	OSC
Kym Q Bryant	NCCCS

VISITOR REGISTRATION SHEET

June 20, 06

Jt. Legislative Education Oversight Committee — ~~April 25~~, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Stegall	U.C.P.S.
Henry Hutaff	N.C.B.A.
Elizabeth Greenwood	OSBM
Pam Leaman	OSBM
Bryan Conrad	OSBM
Becky McConkey	DPI
Ann McArthur	Gov's Office

VISITOR REGISTRATION SHEET

June 20-06

Jt. Legislative Education Oversight Committee [redacted], 2006

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Shannon Blosses	CS / Pope Cents
Terry Stoops	John Locke Foundation
Mark Fleming	University System
Rita Dungee	SBE
Harry Wilson	SBE
Jami Fitzgerald	NCFPC
Cecil Bell	NCAE
Carolyn Hawthorne	CISNC
Michael Hosser	NCAE
Susan Wm	NCCCS
Frank Tolson	Helms Mullis Wicker

Attachment 2

2006-07
Senate & House Budget Proposals
Comparison Report

June 20, 2006

House/Senate Comparison Report

Community Colleges

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07
A. Access			
1	**Enrollment Growth** Fully funds the community college enrollment request. Enrollment increased by 2,250 FTE, from 190,750 to 193,000, an increase of 1.18%.	$7,040,090	$7,040,090
2	**Multi-Campus College Enrollment Growth** Provides funds to accommodate enrollment growth at 12 multi-campus locations. Total supplemental funding for multi-campus colleges will be $10,916,638, distributed on a formula basis to 16 colleges for 23 sites.	$601,171	$601,171
3	**Enrollment Growth Reserve** Provides funds for an Enrollment Growth Reserve to assist colleges that experience high growth in the Fall semester. Funds shall be distributed to colleges that realize an increase greater than 5% over the previous Fall semester.	$1,000,000 NR	$2,000,000 NR
4	**Need Based Financial Aid for Teaching and Nursing** Provides funds for financially needy students enrolling in teacher prep or nursing programs. This program will be funded through the Lottery Scholarship program beginning in FY 07-08.	$500,000 NR	$500,000 NR
5	**Community College Financial Aid Staff** Provides one position in the base allotment for administration for additional financial aid staff at each college.		$3,557,430
6	**Associate Director of Financial Aid** Provides funding in the System Office budget for an Associate Director of Financial Aid to provide guidance, leadership, and training to assist college financial aid offices. The General Assembly encourages the State Board of Community Colleges to develop and implement a comprehensive financial aid professional development program for college financial aid staff.	$73,466 1.00 $4,150 NR	$73,466 1.00 $4,150 NR

Community Colleges

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07
7	**Community College Financial Aid Staff** Provides one position in the base allotment for administration for additional financial aid staff at each college. These funds are restricted to use for student services positions and may not be transferred or used for any other purpose.	$3,557,430	

B. Improving Instruction

8	**Equipment** Provides additional funds for the purchase of instructional equipment at all 58 community colleges. The State Board of Community Colleges may use up to $94,973 of these funds in FY 06-07 for furniture and equipment at the System Office. The remainder of the funds shall be distributed to the colleges in accordance with the existing equipment formula.	$10,000,000 NR	
9	**Equipment** Provides additional funds for the purchase of instructional equipment at all 58 community colleges. Funds will be distributed in accordance with the existing equipment formula.		$10,000,000 NR
10	**Director of Joint High School - Community College Programs** Provides funds in the System Office budget for the creation of a Statewide director of joint high school - community college programs, including Learn and Earn, Middle College, Huskins, and dual enrollment.	$83,950 1.00 $4,150 NR	$83,950 1.00 $4,150 NR
11	**State Board Reserve Funds** Provides additional funding to the State Board Reserve to provide one-time grants to colleges starting new programs.	$500,000 NR	$500,000 NR
12	**Faculty & Professional Staff Salaries** Funds are included in the Salary Reserve Section of this budget to provide a 6% permanent salary increase and a 2% bonus to community college faculty and professional staff.		

Community Colleges

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07
	Faculty and Professional Staff Salaries		
	Funds are included in the Salary Reserve Section of this budget to provide a 6% permanent salary increase and a $600 bonus to community college faculty and professional staff.		
14	**Additional Funding for Nursing Programs**	$1,000,000	
	Allows the State Board of Community Colleges to fund nursing programs at the colleges on a weighted FTE basis. Colleges may use these funds for nursing equipment and supplies, or to supplement the salaries of nursing faculty.		

C. Workforce Development

15	**BioNetwork Capstone Center**		
	Provides additional funds for specialized supplies needed at the BioNetwork Capstone Center.	$310,000 NR	$310,000 NR
16	**Kannapolis Research Campus**	$1,700,000	$3,445,000
	Funds the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis. Funds will be used for equipment, faculty and staff, building operations, and lease expense.	$503,564 NR	
17	**BioNetwork Industry Liaison**	$125,000 1.00 $4,150 NR	
	Provides funds for the creation of a new position in the System Office to assist in the development of NEIT, FIT, and CIT services to meet the needs of the biotechnology industry.		
18	**Regional Customized Training Directors**		($387,966)
	Directs the State Board to use funds appropriated for New and Expanded Industry Training to support the 5 existing Regional Customized Training Directors, and to add 2 new Training Directors: 1 to serve the Northeast Region and 1 to serve the Southeast Region.		
19	**Regional Customized Training Directors**	$148,470 2.00 $5,000 NR	
	Provides funds for 2 additional Regional Customized Training Directors, for a total of 7 - one for each economic development region in the State.		

		House FY 06-07		Senate FY 06-07	
20	**NC REAL Enterprises**				
	Provides funding for NC REAL. This program was formerly supported by the Worker Training Trust Fund.	$250,000	NR	$250,000	NR
21	**NC Military Business Center**				
	Provides funds for the continued operation of the NC Military Business Center (NCMBC), a program run by Fayetteville Tech in conjunction with Craven CC, Coastal Carolina CC, and Wayne CC, to foster statewide business development originating from the five military bases in the State and to sustain MatchForce.org, the State's website for matching NC businesses with federal contract opportunities.	$750,000	NR	$1,000,000	NR

D. Technology

22	**Course Management System & Learning Objects Repository**	$1,370,850		$2,000,000	
	Provides funds for an online teaching and learning platform for distance education.				
23	**Online Help Desk**	$605,000		$605,000	
	Provides funds to establish an online help desk for students enrolled in distance education courses.	$20,000	NR	$20,000	NR
24	**NC Information Highway Expansion**				
	Provides $15,000 each to 8 colleges for the purchase of mobile ("rollabout") videoconferencing equipment.	$120,000	NR	$120,000	NR
25	**Virtual Learning Community Development Centers**	$300,000			
	Provides funding for 2 centers for the development of distance education courses.	$200,000	NR		

E. Technical Adjustments

26	**Hospitalization Insurance**	$1,398,201		$1,398,201	
	Appropriates hospitalization insurance at the FY 06-07 rate.				
27	**Tuition Receipts Adjustment**	$10,750,000		$10,000,000	
	Provides funds to replace under-realized tuition receipts.				

	House FY 06-07	Senate FY 06-07

Receipt Supported Positions

28 Business & Technology Applications Analyst

Allows for the creation of a Business & Technology Applications Analyst position in the System Office, Administration Division to assist with Basic Skills needs, including federal literacy reporting requirements. The total requirement for this position is $85,713, to be funded entirely from Federal Adult Education Funds.

Department Totals	$28,753,628	$28,416,342
	5.00	2.00
	$14,171,014 NR	$14,708,300 NR

A. Adjustments & Transfers

29	**Average Daily Membership (ADM)** Revises projected increase in ADM for FY 2006-07 to reflect 18,363 more students than originally projected. Dollar amount of adjustment includes increases in all position, dollar, and categorical allotments. Total funded ADM for FY 2006-07 is 1,435,475, an increase of 38,103 over FY 2005-06. Due to a projected increase in ninth grade ADM, receipts from the Highway Fund budgeted for Driver's Education will increase by $457,971.	$76,299,816	$76,299,816
30	**Budgeted Average Salary** Revises budgeted funding for certified personnel salaries based on actual salary data from December 2005. Adjustment does not reduce any salary paid to certified personnel.	($56,180,428)	($56,180,428)
31	**Budget Receipts from NC Education Lottery for Class Size Reduction** Budgets receipts from NC Education Lottery Fund to support class size reduction in accordance with statute.	($127,864,291)	($127,864,291)
32	**Exceptional Children** Revises budgeted funding for children with special needs to reflect actual April 1, 2006 headcount. Continuation budget was based on projected headcount. Adjustment does not reduce funding per student.	($6,255,530)	
33	**Transfer More at Four Program and Office of School Readiness** Effective July 1, 2006, transfers the More at Four Program and Office of School Readiness to the Department of Public Instruction (DPI). These transfers shall have all the elements of a Type I transfer, as defined by G.S. 143A-6.		

Public Education

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07
34	**Budget Receipts from NC Education Lottery for More at Four** Budgets $66,646,653 in receipts from NC Education Lottery Fund to support the More at Four program in accordance with statute. In addition, budgets an additional $17,989,056 from lottery proceeds to support the following program expansion: creation of 3,200 additional program slots, increased funding of $200 per slot for all 18,653 slots, and establishment of five new receipt-supported staff positions (More at Four: Educational Development & Planning Consultant II, Educational Consultant II, and Education Processing Assistant; DPI: Accounts Payable Clerk I, and Accountant I) who will perform monitoring, technical assistance, and financial management functions.		
35	**Adjust Projection of Receipts from Civil Penalties & Forfeitures** Provides funds to address adjusted projection of collections in the Civil Penalties & Forfeitures Fund. Revised amount of receipts budgeted from the Fund to support public schools operations in 2006-07 is $75,500,000.	$30,000,000	
36	**Adjust Projection of Receipts from Civil Penalties & Forfeitures** Provides funds to address adjusted projection of collections in the Civil Penalties & Forfeitures Fund. Revised amount of receipts budgeted from the Fund to support public schools operations in 2006-07 is $95,500,000.		$30,000,000
37	**Budget Receipts from Teaching Fellows Trust Fund** Budgets receipts from Teaching Fellows Trust Fund to support administration of Teaching Fellows Program. Reduces General Fund appropriation to Public School Forum accordingly.	($340,657)	($340,657)
38	**NC Center for Advancement of Teaching (NCCAT) Contingent Transfer from UNC** Transfers funding for NCCAT from UNC to DPI, contingent on passage of legislation making the programmatic transfer.	$6,589,890	
39	**North Carolina Teacher Academy Contingent Transfer from UNC** Transfers funding for the North Carolina Teacher Academy from UNC to DPI, contingent on passage of legislation making the programmatic transfer.	$5,396,824	

	House FY 06-07	Senate FY 06-07

B. Expansion: State Public School Fund

40	**Restore Base Budget Funding** Restores full base budget funding by eliminating the recurring LEA Discretionary Reduction.	$44,291,248		$44,291,248	
41	**ABC Bonuses** Funds ABC bonuses for schools that met or exceeded expected growth in the 2005-06 school year.	$90,000,000	NR	$90,000,000	NR
42	**Disadvantaged Student Supplemental Funding (DSSF)** Provides additional supplemental funding to be distributed to all LEAs to support their efforts to serve students who are the most at risk of academic failure. Beginning in 2006-07, all DSSF funds will be distributed based on a formula that takes into account each LEA's relative need. The sixteen LEAs receiving DSSF funds in 2005-2006 will receive no less than the DSSF amount allotted in 2005-2006.			$26,697,440	
43	**Evaluate Effectiveness of DSSF and Low Wealth** Provides additional funds to support comprehensive evaluation of: (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.	$500,000	NR	$500,000	NR
44	**Low Wealth Supplemental Funding** Provides full funding for the Low Wealth Supplemental Funding allotment.	$41,893,391			
45	**Assistant Principals** Allot assistant principal positions on the basis of one 10-month position per 791.7 ADM. This action partially restores funding reduced in the FY 2005-06 budget.	$1,000,000			
46	**Director of High School Turnaround** Provides funds to establish a permanent position to coordinate technical assistance to school districts with high schools identified as critically low performing (performance composite below 60%).	$122,350 1.00		$122,350 1.00	

Public Education

(Items in Controversy are Shaded)

		House FY 06-07		Senate FY 06-07	
	Exceptional Children	$1,000,000			
	Increases funding per student by $5.87 for the 170,240 students in the funded headcount of children with special needs. Revised funding per student is $2,972.52.				
48	**Learn and Earn Initiative**	$8,232,388		$8,232,388	
	Expands the Learn and Earn initiative into an additional 19 high schools (bringing the total to 34). Provides planning grants to 20 additional high schools.	$1,433,360	NR	$1,533,360	NR
49	**Small Specialty High Schools**	$3,805,970		$3,805,970	
	Expands the small specialty high school initiative by creating 21 new small specialty schools-within-schools at 11 new sites (bringing the respective totals to 32 schools at 19 sites). Provides planning grants at 10 small schools that intend to design instruction around the following curricula: science, technology, engineering, and/or math (STEM). Provides $261,680 to support four months of principal salary for each planning site prior to becoming operational in the 2007-08 school year. Any implementation grants for STEM schools shall come from non-State sources.	$661,680	NR	$661,680	NR
50	**Literacy Coaches**			$4,767,400	
	Provides funds to support 100 school-based literacy coaches to be placed in 100 schools that contain an eighth grade. Coaches will provide research-based teaching practices and job-embedded professional development to assist teachers in the development of specialized curricula.				
51	**State Board of Education Operating Support**				
	Provides additional funds to support operations of the expanded State Board of Education.	$50,000	NR	$50,000	NR
52	**Virtual High School**	$2,588,722			
	Provides funds to support implementation of the NC Virtual Public Schools initiative. Funds provide for seven administrative and support positions or contracted employees, 22 three-month positions, and both one-time and ongoing operating support.	$189,132	NR		

53	**Virtual High School** Provides funds to support implementation of the NC Virtual Public Schools initiative. Funds provide for seven administrative and support positions, 22 three-month positions, and both one-time and ongoing operating support.		$2,588,722 7.00 $189,132 NR
54	**School Connectivity** Provides a reserve of funds to be used to upgrade public school connectivity as part of efforts to establish a comprehensive K-20 educational network. The State Board of Education, in collaboration with ITS, will determine through a competitive application process which LEAs will receive funding. Eligible uses of the funds include "last mile" connectivity and network infrastructure and security.		$3,000,000 NR
55	**School Connectivity** Provides funds to be used to upgrade public school connectivity as part of efforts to establish a comprehensive PreK-20 NC Regional Education Network. Funds shall be used to expand the number of public schools serving pre-kindergarten through grade 12 with broadband connectivity; provide "last mile" connectivity to public schools and enhance development of regional broadband networks; infuse technology into schools' instructional efforts; maximize the use of e-Rate; and revise School Technology Plans. Funds that are not expended by June 30, 2007 shall be carried forward for expenditure in FY 2007-08. Up to $300,000 may be transferred to the Office of the Governor to establish NC Virtual within the Education Cabinet. These funds may be used to contract for services to coordinate e-learning activities across all State educational agencies.	$6,000,000 NR	
56	**Senior Project Initiative** Provides funding to support the implementation of senior projects as part of the high school exit standards. These funds shall be used for training LEA staff and teachers to implement this graduation requirement which was approved by the State Board of Education in 2004.		$500,000 NR
57	**Reserve for Fuel Costs** Provides funds to be used as needed in FY 2006-07 to support projected increased diesel fuel expenditures.	$13,778,330 NR	$16,361,485 NR

Salary Supplement Pilot for Math and Science Teachers — Senate FY 06-07: $515,115

Provides funds for a salary supplement pilot to be developed by the State Board of Education. Three pilot LEAs will receive funds to provide a salary supplement of $15,000 for up to 10 newly hired math and/or science teachers at the middle and/or high school level.

C. Expansion: Department of Public Instruction

59 Legacy System Migration and Upgrade

House FY 06-07		Senate FY 06-07	
$2,000,000	NR	$2,000,000	NR

Provides a reserve of funds to be used to bring DPI's information technology applications into compliance with statewide architecture requirements. DPI must obtain approval from the State Chief Information Officer prior to the expenditure of funds for this project. Funds may be carried forward into FY 2007-08. Any unused funds will revert to the General Fund on June 30, 2008.

60 Network Tool Replacement

House FY 06-07		Senate FY 06-07	
$375,850	NR	$375,850	NR

Provides funds to support the cost of migrating from a network tool not supported by ITS to a tool that is supported.

61 Information Technology Security Analyst

House FY 06-07	Senate FY 06-07
$40,000	$40,000
0.50	0.50

Provides funds to support a half-time IT security analyst position. The analyst will assist in the development of a security program and the execution of the DPI security charter to ensure compliance with federal regulations and state law.

62 Business Continuity Planning Analyst

House FY 06-07	Senate FY 06-07
$42,500	$42,500
0.50	0.50

Provides funds to support a half-time business continuity planning analyst position. The analyst will develop and perform business continuity planning and management to ensure that DPI is in compliance with state law.

63 Purchasing Agent

House FY 06-07	Senate FY 06-07
$58,220	$58,220
1.00	1.00

Provides funds to support a Purchasing Agent II position. The agent will ensure accurate and efficient processing of all non-IT related service contracts requiring bids.

64	**NC Wise Owl** Provides funding to support increased cost of Statewide subscriptions to online library resources that are made available to all teachers and students.	$200,000	$200,000
65	**Office of Charter Schools** Provides funds to support one administrative assistant, one new education planning and development consultant, and general operations of the Office of Charter Schools.	$161,127 2.00	$161,127 2.00
66	**Establish Pilot Regional Professional Development Center** Provides funds to establish a pilot center for the purpose of coordinating and assisting in the delivery of leadership and professional development. The State Board of Education shall report to the Joint Legislative Education Oversight Committee by January 1, 2007, on the activities and accomplishments of this pilot program.	5.00 $750,000 NR	
67	**Business Technology Applications Analyst** Provides $72,647 from federal receipts to support a business technology applications analyst. The analyst will serve exclusively on the Exceptional Children's project team.		
68	**NCWISE** Provides funds to support new short-term contracts required to complete NCWISE development.	$1,900,000 NR	

D. Expansion: Pass-Through Funds

69	**Communities in Schools** Provides additional funds to State-level non-profit program that supports local CIS programs' efforts to connect at-risk students and their families with resources that will help the students succeed in school.	$1,000,000 NR	$750,000 NR
70	**NC Network** Provides additional funds to non-profit program that provides training to school-based management teams.		$100,000 NR

Teach for America

Provides additional funds to non-profit program that recruits recent college graduates in non-education majors to teach in hard-to-staff schools.

	$200,000	NR	$200,000	NR

72 **NC Humanities Council Teacher Institute Program**

Provides funds to non-profit program focused on promoting teaching and learning that develops teachers' capacity to understand, empathize with, and relate to various cultures.

	$100,000	NR	$100,000	NR

73 **ExplorNet**

Provides additional funds to non-profit program that promotes effective use of information technology in the public schools.

	$200,000	NR		

74 **Project Enlightenment**

Provides additional funds for Wake County to assist Project Enlightenment in continuing its model Demonstration Preschool program and consultation and education services to children, families, and other professionals in Wake County.

	$50,000	NR		

75 **Futures for Kids**

Provides additional funds to non-profit program that enhances schools' capacities to provide students with opportunities for career exploration. Funds will be disbursed once the Futures for Kids program has consolidated operations with the career exploration services provided by the College Foundation of North Carolina. Futures for Kids and CFNC shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations on a consolidation plan prior to execution of that plan.

	$300,000	NR		

76 **Kids Voting NC Funds**

Provides funding to Kids Voting of North Carolina, Inc., a non-profit corporation, to support Kids Voting Programs (HB 1919).

	$100,000	NR		

Department Totals				
	$31,081,540		$13,436,920	
	10.00		12.00	
	$119,588,352	NR	$116,321,507	NR

UNC System

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07
	A. Base Budget Adjustments		
77	**Building Reserves Adjustment** Adjusts the building reserves for operating costs of new buildings due to a change in their completion dates. However, this change in reserves grants additional one-time funds to campuses for supplies, equipment, and moving costs for buildings that opened in FY 05-06, but were inadvertently cut in the 2005 Session.	-91.80 ($9,595,070) NR	-91.80 ($9,595,070) NR
78	**NC A&T Inflationary Increases** Restores inflationary increases for library book acquisition ($145,491) and utilities ($17,786) that were left out of the base budget submitted by the Governor in the 2005 Session.	$163,277	$163,277
79	**NC School of Science and Math Textbook Increase** Increases the budget for textbooks for the North Carolina School of Science and Math. The school failed to request an increase in the 2005 Session that was sufficient to fund the increase in textbook prices.	$52,250	$52,250
80	**NC Center for Advancement of Teaching (NCCAT) Contingent Transfer to DPI** Transfers funding for NCCAT from UNC to DPI, contingent on passage of legislation making the programmatic transfer.	($6,589,890)	
81	**North Carolina Teacher Academy Contingent Transfer to DPI** Transfers funding for the North Carolina Teacher Academy from UNC to DPI, contingent on passage of legislation making the programmatic transfer.	($5,396,824)	
	B. Expansion		
82	**Enrollment Growth for UNC Campuses** Funds enrollment growth for undergraduate and graduate students in regular term and distance education programs. Enrollment is anticipated to grow by 7,110 full time equivalent (FTE) students in FY 06-07.	$78,993,129 575.00	$78,993,129 575.00

Enrollment Growth for NC School of Science and Math

House FY 06-07	Senate FY 06-07
$240,000	$240,000
3.75	3.75

Increases the enrollment at the North Carolina School of Science and Math by 12 students.

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84 **Need-Based Financial Aid**

House FY 06-07	Senate FY 06-07
$21,587,990	$21,587,990

Increases need-based financial aid for an increase of 1,730 eligible students entering UNC institutions in the Fall of 2006. The increase will also help the 34,930 students now receiving financial aid with price increases in tuition, fees, room, board, books, and supplies.

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85 **Judicial College**

House FY 06-07	Senate FY 06-07
$500,000	$750,000

Increases the operating funds for judicial training at the School of Government at UNC-Chapel Hill. The Judicial College was approved in the 2005 Session with an initial appropriation of $250,000.

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86 **ECSU Pharmacy Space**

House FY 06-07		Senate FY 06-07	
$43,000	NR	$43,000	NR

Pays the lease costs for six modular units that temporarily house the ECSU Pharmacy Program until a permanent facility is constructed.

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87 **Graduate Nurse Scholarship Program for Faculty Production**

House FY 06-07	Senate FY 06-07
$1,200,000	$1,200,000

Creates a graduate nurse scholarship loan program to provide $15,000 per year for up to two years for master's candidates in nursing education and up to three years for doctoral candidates. Each recipient is required to teach in a public nursing education program in North Carolina for each year they receive a scholarship loan or they must repay the loan.

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88 **New Bachelor of Science in Nursing Programs**

House FY 06-07		Senate FY 06-07	
$850,000	NR	$850,000	NR

Provides startup funds for new Bachelor of Science in Nursing programs at Fayetteville State University and UNC-Pembroke and a new RN to BSN program at Appalachian State University. FSU and UNCP will each receive $300,000 and ASU will receive $250,000.

89 Area Health Education Centers (AHEC) Expansion

	$1,000,000	NR	$1,300,000	NR

Funds North Carolina Area Health Education Centers (AHEC) initiative to address health workforce shortages in Allied Health, Dentistry, Nursing, and Pharmacy. In Allied Health, adds new clinical teaching sites throughout the state with an emphasis on physical therapy, speech language pathology, and occupational therapy. Provides clinical training for PharmD students at ECSU. Supports rural training sites for dental students. Expands AHEC nursing grants program.

90 AHEC Program to Strengthen Psychiatrist Recruitment and Retention

			$1,000,000	

Funds the NC Area Health Education Centers (AHEC) program to recruit psychiatrists to rural and underserved areas to provide community services. The program may include student loan repayment. A description of this item is also located in the Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services section of this report.

91 AHEC Program to Strengthen Psychiatrist Recruitment and Retention

	$500,000	NR		

Funds the NC Area Health Education Centers (AHEC) program to develop innovative models for educating psychiatry residents and fellows in rural and underserved areas of the state in order to improve recruitment and retention of psychiatrists in rural communities, and to strengthen the provision of psychiatry services to these communities.

92 Translational Medicine Program - UNC-CH School of Medicine

	$1,000,000		$2,500,000	

Expands the Translational Medicine Program at the UNC-Chapel Hill School of Medicine that was begun in FY 05-06 with $1 million. The program is designed to identify and train junior faculty members in translational research to speed the development of new drugs, therapeutic strategies, devices and/or diagnostics, and to train physicians to collaborate with research faculty to apply medical discoveries to patient care and patient observations in research programs to improve health care.

93 Perinatal Care Network

			$75,000	NR

Provides funds for the UNC Center for Maternal and Infant Care, to develop an ongoing statewide network of providers and professionals to focus on clinical and health systems in perinatal care, to create a database, and implement quality improvement initiatives with the goal of reducing infant mortality and morbidity.

Kannapolis Research Campus

	$4,000,000	$5,000,000
	25.00	25.00
	$1,000,000 NR	$1,000,000 NR

Funds the first year cost of the University of North Carolina's involvement in the North Carolina Research Campus, located at the site of the old Cannon Mills headquarters in Kannapolis. The campus will be the centerpiece of a public-private partnership between the state of North Carolina and Mr. David Murdock and his companies, Dole Foods and Castle & Cooke.

95 **NC A & T State University Matching Funds**

	$614,847	$614,847

Increases the campus match of federal funds from 90% to 100% 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.

96 **Biomanufacturing Research Institute and Technology Enterprise (BRITE)**

	$2,500,000	$2,500,000

Provides operating support, curriculum development, and equipment for the BRITE program that will begin in Fall 2006 at NC Central University. Students and faculty will share space in the Mary M. Townes Science Building until the BRITE facility is completed.

97 **Biomanufacturing Training and Education Center (BTEC)**

	$2,000,000	$2,000,000

Provides operating support, curriculum development, and equipment for the BTEC program at NC State University. BTEC academic courses will begin in the summer of 2006 even though the BTEC facility will not be completed until 2007.

98 **Statewide Program for Infection Control and Epidemiology (SPICE)**

	$400,000 NR	$500,000 NR

Provides operating support to the Statewide Program for Infection Control and Epidemiology (SPICE) at the UNC-Chapel Hill School of Medicine.

99 **Institute of Medicine**

	$250,000 NR	$500,000 NR

Increases the Institute of Medicine's capacity to provide relevant health data and policy recommendations to the General Assembly and other state policy makers. Funding will enable the Institute to undertake two additional studies per year and to provide a rapid response for data analysis for state decision makers.

UNC System

(Items in Controversy are Shaded)

		House FY 06-07		Senate FY 06-07	
100	**Family House at UNC Hospitals** Assists the effort to construct the Family House at UNC Hospitals. This two-story, 40 bedroom facility on Old Mason Farm Road in Chapel Hill will provide affordable housing to critically ill patients, their family members and caregivers when visiting UNC Hospitals for evaluation or treatment. Family House has raised $4.3 million of the $6.3 million construction cost and hopes to open by mid 2007.	$500,000	NR	$1,000,000	NR
101	**TEACCH** Appropriates funds to the TEACCH Program in the Department of Psychiatry at UNC-CH as follows: (1) to increase the psychoeducational therapists' salaries and for additional fringe benefits; (2) for TEACCH clinic rents and operations; and (3) for the TEACCH DX and Medical Consultant Clinic.	$248,349		$448,349	NR
102	**UNC-CH Cochlear Implant 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.	$350,000	NR		
103	**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, and WSSU).	$1,000,000	NR		
104	**Special Needs Institutions** Provides funds to UNC-Asheville ($500,000) and the NC School of the Arts ($120,000) for nonrecurring needs.	$620,000	NR		
105	**North Carolina Progress Board** Provides funding for the increased research efforts of the Progress Board.	$200,000	NR		
106	**NCSU Center for Universal Design** Provides funding 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.	$300,000	NR		

1	**Reserve for Utility and Fuel Costs** Creates a Utilities Reserve to compensate for shortfalls in university utility budgets caused by higher rates in electricity, natural gas, fuel oil, gasoline, and diesel fuel.	$8,206,657	NR	$8,252,127	NR
108	**North Carolina Engineering Technology Center** To help establish the North Carolina Engineering Technology Center and to support the use of two adjoining buildings in Hickory for the development of engineering technology programs.	$1,100,000	NR		
109	**Legislative Tuition Grant Increase** Increases the Legislative Tuition Grant from $1,800 per student in private colleges to $1,900.	$3,149,000			
110	**State Contractual Scholarship Fund Increase** Increases the State Contractual Scholarship Fund from $1,150 per student in private colleges to $1,250. These funds are used for financially needy students.	$3,116,125		$3,116,125	
111	**LTG and SCSF Expansion** Expands the Legislative Tuition Grant and the State Contractual Scholarship Fund to part-time students that are lateral entry teachers or are nurses seeking additional certification.	$1,500,000		$1,500,000	
112	**NC LIVE for Private Colleges** Funds a portion of the costs charged to private colleges for their participation in NC LIVE (North Carolina Libraries for Virtual Education), the state's electronic library that provides access to magazine articles, national and local newspapers, business and professional journals, reference sources and research material.	$250,000	NR		
113	**UNC-NCCCS 2+2 Joint E-Learning Initiative** Provides funds to continue the UNC-NCCCS 2+2 E-Learning Initiative which began in 2005-06. This funding will be used to continue to build online capacity, teacher education courses, and accessibility for students in 2+2 teacher education programs.	$1,000,000	NR	$1,000,000	NR

114 UNC-Chapel Hill DESTINY Traveling Science Lab

Provides funds for the DESTINY Traveling Science Lab program to support personnel and other costs associated with the program that will no longer be supported by grant funds.

House FY 06-07		Senate FY 06-07	
$500,000		$388,530	NR

115 Principals' Executive Program Initiative

Provides funds to the Principals' Executive Program (PEP) for an initiative focused on improving the management and leadership skills of principals in high need schools. PEP shall provide a customized professional development program and a coaching/mentor component that provides assistance at the school level.

House FY 06-07		Senate FY 06-07	
$250,000	NR		

116 Expand Prospective Teacher Scholarship Loan Program

Provides funds for an additional 400 Prospective Teacher Scholarship Loans (PTSL). Priority for the additional awards shall be given to students seeking teacher licensure in middle and high school mathematics and science as well as students participating in a 2+2 teacher education program between the constituent institutions in the University of North Carolina and the NC Community College System.

House FY 06-07		Senate FY 06-07	
$1,000,000		$1,000,000	

117 North Carolina in the World Project

Provides funds to continue the NC in the World Project which began in FY 05-06. This project is an initiative of the NC Center for International Understanding and is focused on improving students knowledge and skills about the world.

House FY 06-07		Senate FY 06-07	
$200,000	NR	$200,000	NR

118 A+ Schools

Provides funds to the A+ Schools program affiliated with the University of North Carolina at Greensboro to expand the number of public schools participating in the program. The program assists schools in implementing school reform by integrating arts into the curriculum.

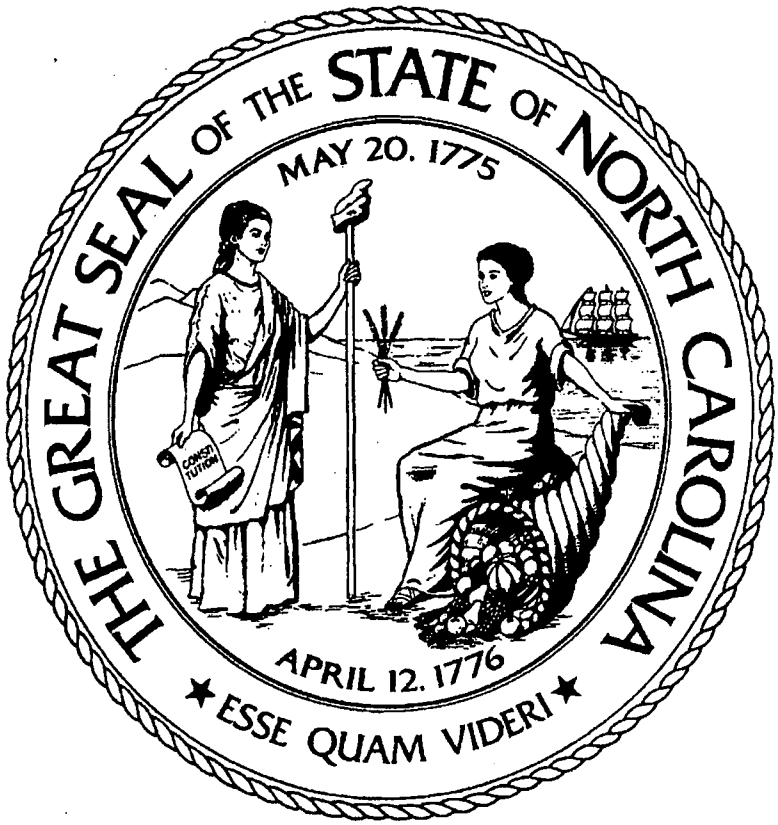
House FY 06-07		Senate FY 06-07	
$100,000	NR		

119 Math and Science Education Network Pre-College Program Expansion

Provides additional funds for the NC Math and Science Education Network to expand the number of Pre-College Programs. These programs help prepare under-represented students to pursue college studies in math and science.

House FY 06-07		Senate FY 06-07	
$670,000	NR	$670,000	NR

		House FY 06-07	Senate FY 06-07
	Hunt Institute		
	Provides additional operating support for the James B. Hunt, Jr. Institute for Educational Leadership and Policy in Chapel Hill. These funds will enable the Institute to sponsor a number of new initiatives focused on improving science and math instruction, encouraging extracurricular programs for students, and expanding the Institute's reach to vested interests in educational improvement such as mayors and chambers of commerce.	$500,000 NR	$500,000 NR
121	**NC Teacher Academy Training of Literacy Coaches**		$1,675,000
	Provides funds to the NC Teacher Academy to train literacy coaches who will each be assigned to schools with an eighth grade to provide professional development in literacy skills. Funds shall be used to design, develop, and implement both face-to-face and online training for these coaches		$225,000 NR
122	**Expand Future Teachers of North Carolina Scholarship Loan Program**	$487,500	
	Provides funds for an additional 75 scholarship loans each year. This program awards scholarship loans 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 NC public schools. The scholarship loan award is $6,500 per year.		
123	**World View**	$10,000 NR	
	Provides funds to UNC-CH for World View, a program focused on preparing educators to respond to the challenges of an increasingly interconnected world and to help students succeed in a global economy.		
	Department Totals	**$110,865,753**	**$123,892,618**
		511.95	**511.95**
		$9,704,587 NR	**$7,356,936 NR**



SENATE AND HOUSE BUDGET ITEMS IN CONTROVERSY: Education

June 20, 2006

Prepared by Legislative Drafting Division

Senate and House Differ

Senate Version

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective 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 (c) 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 2006-2007 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.

House Extra Step

2006-2007 Monthly Salary Schedule
"A" Teachers

Years Of Experience	"A" Teachers	NBPTS Certification
0	$2,851	N/A
1	$2,893	N/A
2	$2,937	N/A
3	$3,093	$3,464
4	$3,233	$3,621
5	$3,367	$3,771
6	$3,496	$3,916
7	$3,600	$4,032
8	$3,648	$4,086
9	$3,697	$4,141
10	$3,747	$4,197
11	$3,796	$4,252
12	$3,847	$4,309
13	$3,898	$4,366
14	$3,951	$4,425
15	$4,005	$4,486
16	$4,060	$4,547
17	$4,115	$4,609
18	$4,174	$4,675
19	$4,232	$4,740

20	$4,290	$4,805
21	$4,352	$4,874
22	$4,413	$4,943
23	$4,479	$5,016
24	$4,543	$5,088
25	$4,608	$5,161
26	$4,674	$5,235
27	$4,742	$5,311
28	$4,813	$5,391
29+	$4,884	$5,470

2006-2007 Monthly Salary Schedule
"M" Teachers

Years Of Experience	"M" Teachers	NBPTS Certification
0	$3,136	N/A
1	$3,182	N/A
2	$3,231	N/A
3	$3,402	$3,810
4	$3,556	$3,983
5	$3,704	$4,148
6	$3,846	$4,308
7	$3,960	$4,435
8	$4,013	$4,495
9	$4,067	$4,555
10	$4,122	$4,617
11	$4,176	$4,677
12	$4,232	$4,740
13	$4,288	$4,803
14	$4,346	$4,868
15	$4,406	$4,935
16	$4,466	$5,002
17	$4,527	$5,070
18	$4,591	$5,142
19	$4,655	$5,214
20	$4,719	$5,285
21	$4,787	$5,361
22	$4,854	$5,436
23	$4,927	$5,518
24	$4,997	$5,597
25	$5,069	$5,677
26	$5,141	$5,758
27	$5,216	$5,842

28	$5,294	$5,929
29+	$5,372	$6,017

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.

House Version

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28	$5,294	$5,929
29	$5,372	$6,017
30+	$5,480	$6,138.

House Extra Step

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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.

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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.

Senate and House Differ

Senate Version

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 2006-2007 fiscal year, beginning July 1, 2006.

School Administrator I	$3,079	$6,012
School Administrator II	$3,268	$6,378
School Administrator III	$3,468	$6,765
School Administrator IV	$3,608	$7,035
School Administrator V	$3,753	$7,319
School Administrator VI	$3,982	$7,762
School Administrator VII	$4,142	$8,075

House Tech Correct

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 2006.

SECTION 7.3.(b) The monthly salary ranges that follow apply to public school superintendents for the 2006-2007 fiscal year, beginning July 1, 2006.

Superintendent I	$4,396	$8,566
Superintendent II	$4,667	$9,084
Superintendent III	$4,952	$9,637
Superintendent IV	$5,225	$10,221
Superintendent V	$5,578	$10,844

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 five percent (5%), 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.

House Version

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 2006-2007 fiscal year, beginning July 1, 2006.

School Administrator I	$3,079	$5,781
School Administrator II	$3,268	$6,132
School Administrator III	$3,468	$6,505
School Administrator IV	$3,608	$6,764
School Administrator V	$3,753	$7,037
School Administrator VI	$3,982	$7,463
School Administrator VII	$4,142	$7,764

House Tech Correct

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 2006.

SECTION 7.3.(b) The monthly salary ranges that follow apply to public school superintendents for the 2006-2007 fiscal year, beginning July 1, 2006.

Superintendent I	$4,396	$8,236
Superintendent II	$4,667	$8,734
Superintendent III	$4,952	$9,266
Superintendent IV	$5,255	$9,828
Superintendent V	$5,578	$10,428

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 five percent (5%), 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.

SECTION 7.3.(g) The Director of the Budget shall transfer from the Reserve for Compensation Increases funds necessary to provide a one-time, lump-sum compensation bonus payable at the end of the employee's first pay period after October 1, 2006, in the amount of three hundred dollars ($300.00) for all central office employees whose salaries are supported from the State's General Fund, who were employed for all or part of fiscal year 2005-2006, and who are employed by the public schools on October 1, 2006. The compensation bonus shall be adjusted pro rata for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year.

Local boards of education shall provide a one-time, lump-sum compensation bonus payable at the end of the employee's first pay period after October 1, 2006, of three hundred dollars ($300.00) for all such employees whose salaries are not supported from the State's General Fund, who were employed by a local board of education for all or part of fiscal year 2005-2006, and who are employed by that local board of education on October 1, 2006. The compensation bonus shall be adjusted pro rata for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year.

H O

Senate and House Differ

Senate Version

NONCERTIFIED PERSONNEL SALARY AND FAIR MINIMUM PAY

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 five percent (5%), 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 2005-2006 and who continue their employment for fiscal year 2006-2007 by providing an annual salary increase for employees of five percent (5%). For part-time employees, the pay increase shall be pro rata based on the number of hours worked.

House Tech Correct (This not needed)

SECTION 7.4.(c) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of five percent (5%) for the 2006-2007 fiscal year.

SECTION 7.4.(d) Effective July 1, 2006, permanent full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be paid a minimum salary of at least twenty thousand one hundred twelve dollars ($20,112) per year. Permanent, full-time employees working on a schedule requiring less than 12 months' service per year and permanent part-time employees, whose salaries are supported from the State's General Fund, shall be paid the minimum salary pro rata. The fair minimum wage salary adjustment provided by this section shall be calculated and awarded after any across-the-board salary increases authorized by this act.

House Version

NONCERTIFIED PERSONNEL SALARY AND FAIR MINIMUM PAY

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 five percent (5%), 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 2005-2006 and who continue their employment for fiscal year 2006-2007 by providing an annual salary increase for employees of five percent (5%).

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pro rata. The fair minimum wage salary adjustment provided by this section shall be calculated and awarded after any across-the-board salary increases authorized by this act.

SECTION 7.4.(e) The Director of the Budget shall transfer from the Reserve for Compensation Increases funds necessary to provide a one-time, lump-sum compensation bonus payable at the end of the employee's first pay period after October 1, 2006, in the amount of three hundred dollars ($300.00) for all noncertified public school employees whose salaries are supported from the State's General Fund, who were employed for all or part of fiscal year 2005-2006, and who are employed by the public schools on October 1, 2006. The compensation bonus shall be adjusted pro rata for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year. H only

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Senate and House Differ

Senate Version

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Effective July 1, 2006, any permanent certified personnel employed on July 1, 2006, 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, one and fifty-five hundredths percent (1.55%). Effective July 1, 2006, any permanent personnel employed on July 1, 2006, 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. S only

House Version

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Effective July 1, 2006, any permanent personnel employed on July 1, 2006, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%). Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

Senate and House Differ

Senate Version

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.6.(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 2005-2006 school year, in accordance with the ABCs of Public Education Program. In accordance with State Board of Education policy:

(1) Incentive awards in schools that achieve higher than expected improvements may be up to:
   a. One thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and
   b. Five hundred dollars ($500.00) for each teacher assistant.

(2) Incentive awards in schools that meet the expected improvements may be up to:
   a. Seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and
   b. Three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 7.6.(b) The State Board of Education may use funds appropriated to the State Public School Fund to provide assistance to low-performing schools.

House Version

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.6.(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 2005-2006 school year, in accordance with the ABCs of Public Education Program. In accordance with State Board of Education policy:

(1) Incentive awards in schools that achieve higher than expected improvements may be up to:
   a. One thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and
   b. Five hundred dollars ($500.00) for each teacher assistant.

(2) Incentive awards in schools that meet the expected improvements may be up to:
   a. Seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and
   b. Three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 7.6.(b) Notwithstanding G.S. 143-23, the State Board of Education may use funds appropriated to the Department of Public Instruction and to

the State Public School Fund to establish a consolidated, comprehensive program through which to provide assistance to low-performing schools. For this purpose only, the Board may, with approval from the Office of State Budget and Management, transfer funds between personal service and nonpersonal service line items currently supporting positions, related operating costs, and contracts for school improvement teams and for assistance teams. Funds transferred pursuant to this section shall not be used to raise the salary of existing employees.

The Board shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations by January 15, 2007, on any restructuring of the assistance program pursuant to this section.

SECTION 7.6.(c) The Joint Legislative Education Oversight Committee shall review the incentive award structure described in this section and determine whether the relationship between awards for teachers and teacher assistants at each level of achievement is appropriate. H only

Senate and House Differ

Senate Version

CHILDREN WITH DISABILITIES

SECTION 7.7. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand nine hundred sixty-six dollars and sixty-five cents ($2,966.65) per child for a maximum of 172,040 children for the 2006-2007 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 2006-2007 allocated average daily membership in the local school administrative unit.

House # of students is tech correct

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.

House Version

CHILDREN WITH DISABILITIES

SECTION 7.7. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand nine hundred seventy-two dollars and fifty-two cents ($2,972.52) per child for a maximum of 170,240 children for the 2006-2007 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 2006-2007 allocated average daily membership in the local school administrative unit.

House $ figu follows H $ decision

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.

Follows $

Senate Only

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING

SECTION 7.10. Section 7.8 of S.L. 2005-276 is amended by adding a new subsection to read:

"**SECTION 7.8.(c)** Beginning in the 2006-2007 fiscal year, funds appropriated for disadvantaged student supplemental funding (DSSF) shall be allotted based upon a teacher-to-student ratio for the eligible DSSF population using the following formula:

(1) Local education agencies (LEAs) in counties with wealth greater than ninety percent (90%) of the statewide average shall receive one teaching position per 20.5 DSSF population;

(2) LEAs in counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average shall receive one teaching position per 20 DSSF population;

(3) LEAs in counties with wealth less than eighty percent (80%) of the statewide average shall receive one teaching position per 19.5 DSSF population;

(4) LEAs receiving DSSF funds in 2005-2006 shall receive one teaching position per 16 DSSF population. These LEAs shall receive no less than the DSSF amount allotted in 2005-2006.

For the purpose of this subsection, wealth shall be calculated under the low wealth supplemental formula."

Senate and House Differ

Senate Version

Follows $, Gov's Provision

LITERACY COACHES

SECTION 7.13.(a) Funds in the amount of four million seven hundred sixty-seven thousand four hundred dollars ($4,767,400) are appropriated to support the selection and hiring of 100 literacy coaches. Coaches will be hired and placed in 100 middle schools or other public schools with an eighth grade class. A site selection process including formal criteria will be developed by the State Board of Education in consultation with the North Carolina Teacher Academy. The site must receive formal approval of the State Board of Education to receive funds for this purpose. Sites prioritized for selection will include representation from a wide demographic and will include, but will not be limited to, feeder schools to Learn and Earn schools, New Schools Project schools, Disadvantaged Student Supplemental Funding (DSSF) districts, or select schools with the lowest tier of reading scores in the most recent three years on end-of-grade tests. To be selected, schools must (i) contain an eighth grade class, and (ii) ensure that Literacy Coaches will have no administrative responsibilities in the schools in which they are placed.

SECTION 7.13.(b) National Board for Professional Teaching Standards (NBPTS) certified teachers serving in these positions shall be exempt from the requirements in G.S.115C-296.2(b)(2)d. and shall remain on the NBPTS teacher salary schedule.

House Version

21ST CENTURY LITERACY COACHES

SECTION 7.13.(a) Local boards of education are strongly encouraged to use restored base budget funds, low-wealth supplemental funding, or other funds available to them, to hire literacy coaches in middle schools or other public schools with an eighth grade. These coaches shall provide middle school teachers with research-based teaching practices and job-embedded professional development to enable them to address the needs of students who lack the literacy skills needed to master 21st century skills.

SECTION 7.13.(b) Local boards of education are strongly encouraged to contract with the North Carolina Teacher Academy to train middle school teachers in methods for supporting the following student competencies:

(1) Basic Literacy;
(2) Technological Literacy;
(3) Visual Literacy;
(4) Informational Literacy;
(5) Higher Order Thinking;
(6) Cultural Competency; and
(7) Self-Direction.

As part of the training, the North Carolina Teacher Academy is encouraged to provide an online professional development network for additional training opportunities for participants.

SECTION 7.13.(c) The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to January 15, 2007, on the use of funds for literacy coaches.

Senate Only

CLARIFY DEFINITION: PUBLIC SCHOOL CAPITAL FUNDS

SECTION 7.15. G.S. 115C-546.2(d)(2)a. reads as rewritten:

"a. "Effective county tax rate" means the actual county tax ~~rate~~ rate, including any countywide supplemental taxes levied for the benefit of public schools, multiplied by a three-year weighted average of the most recent annual sales assessment ratio studies."

Senate and House Differ

Senate Version

Follows $

NORTH CAROLINA VIRTUAL PUBLIC SCHOOL

SECTION 7.16.(a) The North Carolina Virtual Public School (NCVPS) program shall report to the State Board of Education and shall maintain an administrative office at the Department of Public Instruction

SECTION 7.16.(b) The Director of NCVPS will ensure that course quality standards are established and met and that all e-learning opportunities offered by State-funded entities to public school students are consolidated under the NC Virtual Public School Program, eliminating course duplication. The Director shall report on the proposed consolidation and operating plan for 2007-2008 to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division no later than January 15, 2007. Consolidation will be completed by June 30, 2007. Notwithstanding G.S 143-23, the State Board of Education may move funds within the budget to implement the consolidation.

SECTION 7.16.(c) Subsequent to course consolidation, the Director will prioritize e-learning course offerings for students residing in rural and low-wealth county LEAs, in order to expand available instructional opportunities. First-available e-learning instructional opportunities should include courses required as part of the standard course of study for high school graduation and AP offerings not otherwise available.

SECTION 7.16.(d) The State Board of Education shall develop an allotment formula for funding e-learning, effective in the 2007-2008 fiscal year. In developing the formula, the Board shall consider, at a minimum, the following:

(1) The number of students in average daily membership (ADM) projected to enroll in e-learning,

(2) The projected cost of fees for e-learning courses,

(3) The extent to which projected enrollment in e-learning courses affects funding required for other allotments that are based on ADM.

SECTION 7.16.(e) Any funds appropriated in this act for the NCVPS program that are not expended in fiscal year 2006-2007 shall be carried forward for expenditure in fiscal year 2007-2008. Any such funds that remain unexpended on June 30, 2008, shall revert to the General Fund.

S only

House Version

Follows $

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(1) The number of students in average daily membership (ADM) projected to enroll in e-learning,

(2) The projected cost of fees for e-learning courses,

(3) The extent to which projected enrollment in e-learning courses affects funding required for other allotments that are based on ADM.

Senate and House Differ

Senate Version

DISTANCE EDUCATION

SECTION 7.17. Notwithstanding G.S. 143-23, the State Board of Education may use monies from the State Public School Fund in 2006-2007 only to pay for the additional costs associated with an increased number of registration fees for students enrolling in Distance Education courses.

In preparation for the 2007-2008 fiscal year, the Office of State Budget and Management is urged to include costs associated with increases in enrollment in Distance Education courses in the continuation budget.

S only

House Version

DISTANCE EDUCATION

SECTION 7.17. Notwithstanding G.S. 143-23, the State Board of Education may use monies from the State Public School Fund in the 2006-2007 fiscal year only to pay for the additional costs associated with an increased number of registration fees for students enrolling in Distance Education courses.

Gov's Provision

Senate Only

TRANSFER MORE AT FOUR PROGRAM AND OFFICE OF SCHOOL READINESS TO THE DEPARTMENT OF PUBLIC INSTRUCTION

Gov's Provision

SECTION 7.18.(a) The More at Four program and the Office of School Readiness are transferred from the Office of the Governor to the Department of Public Instruction effective July 1, 2006. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6. The Office of School Readiness will provide oversight to the More at Four program and other related early childhood and prekindergarten education experiences. An Executive Director for the Office of School Readiness will be appointed by the State Board of Education.

SECTION 7.18.(b) Section 10.67(a) of S.L. 2005-276 is repealed.

SECTION 7.18.(c) Section 10.67(b) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.67.(b)** The ~~Department of Health and Human Services and the~~ Department of Public Instruction~~, with guidance from the Task Force,~~ shall continue the implementation of the "More at Four" prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten. The program is available statewide to all counties that choose to participate, including underserved areas. The goal of the program is to provide quality prekindergarten services to a greater number of at-risk children in order to enhance kindergarten readiness for these children. The program shall be consistent with standards and assessments established jointly by the Department of Health and Human Services and the Department of Public Instruction. The program shall include:

(1) A process and system for identifying children at risk of academic failure.

(2) A process and system for identifying children who are not being served ~~first priority~~ in formal early education programs, such as child care, public or private preschools, Head Start, Early Head Start, early intervention programs, or other such programs, who demonstrate educational needs, and who are eligible to enter kindergarten the next school year, as well as children who are underserved.

(3) A curriculum or several curricula that are research-based and/or built on sound instructional theory.~~recommended by the Task Force. The Task Force will identify and approve appropriate research-based curricula.~~ These curricula shall: (i) focus primarily on oral language and emergent literacy; (ii) engage children through key experiences and provide background knowledge requisite for formal learning and successful reading in the early elementary years; (iii) involve active learning; (iv) promote measurable kindergarten language-readiness skills that focus on emergent literacy and mathematical skills; and (v) develop skills that will prepare children emotionally and socially for kindergarten.

(4) An emphasis on ongoing family involvement with the prekindergarten program.

(5) Evaluation of child progress through a ~~preassessment and postassessment of children in the~~ statewide evaluation, as well as ongoing assessment of the children by teachers.

(6) Guidelines for a system to reimburse local school boards and systems, private child care providers, and other entities willing to establish and provide prekindergarten programs to serve at-risk children.

(7) A system built upon existing local school boards and systems, private child care providers, and other entities that demonstrate the ability to establish or expand prekindergarten capacity.

(8) A quality-control system. Participating providers shall comply with standards and guidelines as established by the Department of Health and Human Services and the Department of Public Instruction~~, and the Task Force~~. The Department may use the child care rating system to assist in determining program participation.

(9) Standards for minimum teacher qualifications. A portion of the classroom sites initially funded shall have at least one teacher who is certified or provisionally certified in birth-to-kindergarten education.

(10) A local contribution. Programs must demonstrate that they are accessing resources other than "More at Four".

(11) A system of accountability.

(12) Consideration of the reallocation of existing funds. In order to maximize current funding and resources, the Department of Health and Human Services and the Department of Public Instruction~~, and the Task Force~~ shall consider the reallocation of existing funds from State and local programs that provide prekindergarten-related care and services."

SECTION 7.18.(d) Section 10.67(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.67.(c)** The ~~Department of Health and Human Services~~ Department of Public Instruction shall implement a plan to expand ~~plan for expansion of the~~ "More at Four" program standards within existing resources to include four- and five-star-rated centers and schools serving four-year-olds and develop guidelines for these programs. ~~The Department shall analyze guidelines for use of the "More at Four" funds, State subsidy funds, and Smart Start subsidy funds and devise a complementary plan for administration of funds for all four-year-old classrooms.~~ The "NC Prekindergarten Program Standards" initiative shall recognize four- and five-star-rated centers that choose to apply and meet equivalent "More at Four" program standards as high quality pre-k classrooms. Classrooms meeting these standards shall, have ~~at a minimum, receive curricula and~~ access to training and workshops for "More at Four" programs. Whenever expansion slots are available, these classrooms shall have first priority to receive them.~~and be considered along with other "More at Four" programs for T.E.A.C.H. funding. The Department shall ensure that no individual receives funding from more than one source for the same purpose or activity during the same funding period. For purposes of this subsection, sources shall include T.E.A.C.H., W.A.G.E.$., and T.E.A.C.H. Health Insurance programs for individual recipients.~~

The "More at Four" program shall review the number of slots filled by counties on a monthly basis and shift the unfilled slots to counties with waiting lists. The shifting of slots shall occur through ~~December 30, 2005,~~ January 31 of each year, at which time any remaining funds for slots unfilled shall be used to meet the needs of the waiting list for subsidized child care."

SECTION 7.18.(e) Section 10.67(d) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.67.(d)** ~~The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall submit a report by February 1, 2006~~ The Department of Public Instruction shall submit a report by February 1, 2007, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on ~~Health and Human Services~~ Education, the House of Representatives Appropriations Subcommittee on ~~Health and Human Services~~ Education, and the Fiscal Research Division. This final report shall include the following:

(1) The number of children participating in the program.

(2) The number of children participating in the program who have never been served in other early education programs, such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.

(3) The expected expenditures for the programs and the source of the local match for each grantee.

(4) The location of program sites and the corresponding number of children participating in the program at each site.

~~(5) Activities involving Child Find in counties.~~

~~(6)~~(5) A comprehensive cost analysis of the program, including the cost per child served by the program.

~~(7)~~(6) The ~~plan for expansion of "More at Four" through existing resources~~ status of the NC Prekindergarten initiatives as outlined in this section."

SECTION 7.18.(f) Section 10.67(e) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.67.(e)** For the 2005-2006 and the 2006-2007 fiscal years, the "More at Four" program shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income ~~to make the program consistent with the child care subsidy requirements~~. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if they have other designated risk factors."

SECTION 7.18.(g) Section 10.67(f) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.67.(f)** The "More at Four" program funding shall not supplant any funding for classrooms serving four-year-olds as of the ~~2003-2004~~ 2005-2006 fiscal year. Support of existing four-year-old classrooms with "More at Four" program funding shall be permitted when current funding is eliminated, reduced or redirected as required to meet other specified federal or State educational mandates."

SECTION 7.18.(h) Section 10.67(g) of S.L. 2005-276 is repealed.

SECTION 7.18.(i) G.S. 115C-242(1) reads as rewritten:

"(1) A school bus may be used for the transportation of pupils enrolled in and employees in the operation of the school to which such bus is assigned by the superintendent of the local school administrative unit. Except as otherwise herein provided, such transportation shall be limited to transportation to and from such school for the regularly organized school day, and from and to the points designated by the principal of the school to which such bus is assigned, for the receiving and discharging of passengers. No pupil or employee shall be so transported upon any bus other than the bus to which such pupil or employee has been assigned pursuant to the provisions of this Article: Provided, that children enrolled in a Headstart program or any More at Four program ~~which is housed in a building owned and operated by a local school administrative unit where school is being conducted~~ may be transported on public school buses, and any additional costs associated with such ~~so long as the~~ contractual arrangements shall be incurred by the benefitting Head Start or More at Four program ~~made cause no extra expense to the State~~: Provided further, that children with special needs may be transported to and from the nearest appropriate private school having a special education program approved by the State Board of Education if the children to be transported are or have been placed in that program by a local school administrative unit as a result of the State or the unit's duty to provide such children with a free appropriate public education."

Senate and House Differ

Senate Version

ADMINISTRATIVE FUNDING FOR TEACHING FELLOWS PROGRAM

SECTION 7.19.(a) G.S. 115C-363.23A(f) reads as rewritten:

"(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~~ eight hundred ten thousand dollars ($810,000) for the 2006-2007 fiscal year from the fund balance for costs associated with administration of the Teaching Fellows Program. In subsequent fiscal years, this amount shall be increased by the Office of State Budget and Management as necessary to provide salary increases to Program employees commensurate with legislative salary increases for State employees." *** S Only

SECTION 7.19.(b) The additional funding provided for administration of the Teaching Fellows Program in G.S. 115C-363.23A(f), as rewritten by subsection (a) of this section, shall be used to meet current administrative expenses of the Program, expand minority recruitment initiatives, and expand the Program to up to four additional campuses using a merit-based selection process developed by the North Carolina Teaching Fellows Commission.

The Teaching Fellows Program shall report to the Joint Legislative Education Oversight Committee by December 1, 2006, on the campuses selected and on the selection process.

House Version

ADMINISTRATIVE FUNDING FOR TEACHING FELLOWS PROGRAM

SECTION 7.19.(a) G.S. 115C-363.23A(f) reads as rewritten:

"(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~~ With the prior approval of the General Assembly in the Current Operations Appropriations Act, the revolving fund may also be used by 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."

SECTION 7.19.(b) The Public School Forum, as administrator for the Teaching Fellows Program, may use up to eight hundred ten thousand dollars ($810,000) for the 2006-2007 fiscal year from the balance in the revolving fund *** established in G.S. 115C-363.23A(f) for costs associated with administration of the Teaching Fellows Program. The funding provided for administration of the Teaching Fellows Program in this subsection shall be used to meet current administrative expenses of the Program, expand minority recruitment initiatives, and expand the Program to up to four additional campuses using a merit-based selection process developed by the North Carolina Teaching Fellows Commission.

The Teaching Fellows Program shall report to the Joint Legislative Education Oversight Committee by March 15, 2007, on:

(1) Actual expenditures for the 2005-2006 fiscal year and budgeted expenditures for the 2006-2007 fiscal year for administration of the Program; House Only

(2) Initiatives to recruit minorities to the Program; and

(3) The additional campuses selected to participate in the Program and the selection process.

*** Senate sets amount that may be used for administration in General Statute; House sets it in Session Law.

Senate Only

SALARY SUPPLEMENT FOR MATH AND SCIENCE TEACHERS PILOT PROGRAM

SECTION 7.21.(a) Funds in the amount of five hundred fifteen thousand one hundred fifteen dollars ($515,115) are appropriated in this act for a pilot program providing for a salary supplement for newly hired teachers (as defined by the State Board of Education) of mathematics or science at the middle or high school level. The State Board of Education shall develop the pilot program and select three local school administrative units to participate in the pilot program. In selecting the units, the Board shall target low-performing local school administrative units and take geographical diversity into account. Selected local school administrative units shall use salary supplement funds for newly hired teachers at low-performing schools. Follows Senate $

Each of the pilot units shall receive funds to provide for a salary supplement of fifteen thousand dollars ($15,000) to up to 10 newly hired teachers at the middle or high school level who have nonprovisional certification in and are teaching in one or more of the following areas of teacher certification:

(1) Middle grades mathematics,
(2) Middle grades science,
(3) Mathematics (9-12),
(4) Science (9-12),
(5) Earth science (9-12),
(6) Biology (9-12),
(7) Physics (9-12), and
(8) Chemistry (9-12).

SECTION 7.21.(b) In accordance with G.S. 115C-325 and by way of clarification, it shall not constitute a demotion as that term is defined in G.S. 115C-325(a)(4) if:

(1) A teacher who receives a salary supplement pursuant to subsection (a) of this section is reassigned to a school at which there is no such salary supplement;
(2) A teacher who receives a salary supplement pursuant to subsection (a) of this section moves to a different local school administrative unit; or
(3) A teacher receives a salary supplement pursuant to subsection (a) of this section and the salary supplement is subsequently discontinued or reduced.

SECTION 7.21.(c) Funds not needed to pay for salary supplements shall revert to the General Fund.

SECTION 7.21.(d) The State Board of Education shall report to the Joint Legislative Education Oversight Committee on the design of the pilot program prior to implementation. The State Board of Education shall report to the Joint Legislative Education Oversight Committee on the implementation of the pilot program by January 15, 2007.

House Only

STUDY THE COMPENSATION OF SCHOOL PSYCHOLOGISTS WITH NATIONAL CERTIFICATION

SECTION 7.22. The State Board of Education shall study the adequacy of the compensation of school psychologists who are designated as Nationally Certified School Psychologists by the National School Psychology Certification Board. In the course of the study, the State Board of Education shall consider (i) whether these school psychologists should be compensated at the same level as teachers who are certified by the National Board for Professional Teaching Standards (NBPTS) and (ii) the cost of compensating them at that level.

The State Board of Education shall report the results of its study to the Joint Legislative Education Oversight Committee prior to January 15, 2007.

Senate and House Differ

Senate Version

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.1. Section 8.3 of S.L. 2005-276 is amended by adding a new subsection to read:

"**SECTION 8.3.(b1)** For the 2006-2007 school year, the minimum salaries for nine-month, full-time, curriculum community college faculty shall be as follows:

Education Level	Minimum Salary 2006-2007
Vocational Diploma/Certificate or Less	$31,728
Associate Degree or Equivalent	$32,195
Bachelors Degree	$34,220
Masters Degree or Education Specialist	$36,016
Doctoral Degree	$38,607

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."

House Version

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.1.(a) Section 8.3 of S.L. 2005-276 is amended by adding a new subsection to read:

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Bachelors Degree	$34,220
Masters Degree or Education Specialist	$36,016
Doctoral Degree	$38,607

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 8.1.(b) Section 8.3(g) of S.L. 2005-276 reads as rewritten:

"**SECTION 8.3.(g)** ~~Funds~~ For the 2005-2006 fiscal year, funds appropriated in this act for salary increases shall be used to increase faculty and professional staff salaries

H only

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. For the 2006-2007 fiscal year, funds appropriated in this act for salary increases shall be used to increase faculty and professional staff salaries by six percent (6%). Colleges may provide additional increases from funds available. H only

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."

Senate Only

USE OF FUNDS APPROPRIATED FOR ISOTHERMAL COMMUNITY COLLEGE

SECTION 8.2. Funds appropriated for composite testing at Isothermal Community College and not used for that purpose may be used to purchase equipment for the Lifelong Learning Center located at Isothermal Community College.

Senate Only

COMMUNITY COLLEGE LOW-WEALTH FUNDING

SECTION 8.9.(a) G.S. 115D-31.3 is amended by adding a new subsection to read:

"(j) Use of funds in low-wealth counties. – Funds retained by colleges or distributed to colleges pursuant to this section may be used to supplement local funding for maintenance of plant if the college does not receive maintenance of plant funds pursuant to G.S. 115D-31.2, and 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 of at least two percent (2%) above the State average or greater than seven percent (7%), whichever is higher, in the prior calendar year; and

(3) Is a county whose wealth, as calculated under the formula for distributing supplemental funding for schools in low-wealth counties, is eighty percent (80%) or less of the State average.

Funds may be used for this purpose only after all local funds appropriated for maintenance of plant have been expended."

SECTION 8.9.(b) This section becomes effective June 30, 2006.

House Only

A+ SCHOOLS – BUDGET TECHNICAL CORRECTION

SECTION 9.3A. Recurring funds in the amount of one hundred thousand dollars ($100,000) appropriated to the Department of Public Instruction for the 2006-2007 fiscal year in S.L. 2005-276 as pass-through funds for A+ Schools shall be transferred to the Board of Governors of The University of North Carolina to provide pass-through funds for A+ Schools for the same purpose of providing support for the program that assists schools in implementing comprehensive school reform by integrating arts into the curriculum.

House Only

CLARIFY REQUIREMENTS FOR STUDENTS RECEIVING PHYSICAL EDUCATION – COACHING SCHOLARSHIP LOANS

SECTION 9.3B.(a) G.S. 116-209.36(a) reads as rewritten:

"(a) There is established the Physical Education – Coaching Scholarship Loan Fund. The purpose of the Fund is to provide scholarship loans to students who are pursuing college degrees to become public schoolteachers and coaches or assistant coaches. Coaching Fellows shall be offered a curriculum and extracurricular activities that ~~advances~~ advance skills in physical education and coaching and that ~~instills~~ instill 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."

SECTION 9.3B.(b) The Board of Governors of The University of North Carolina, in consultation with the North Carolina Independent Colleges and Universities, Inc., the North Carolina High School Athletic Association, Inc., and the North Carolina Coaches Association, shall study the curriculum and extracurricular activities appropriate for recipients of scholarship loans. The extracurricular activities may include programs and seminars with teachers currently coaching in North Carolina public schools.

The Board of Governors shall report the results of the study, including the costs of implementing its proposals, to the Joint Legislative Education Oversight Committee prior to January 15, 2007.

Senate Only

STUDY THE FEASIBILITY OF ADDING NORTH CAROLINA WESLEYAN COLLEGE TO UNC SYSTEM

SECTION 9.4.(a) The Board of Governors of The University of North Carolina shall study the feasibility of making North Carolina Wesleyan College a constituent institution of The University of North Carolina. The study shall include all of the following:

(1) Mission. – The Board of Governors shall evaluate the potential missions of the campus that would meet the academic and economic needs of the region, the State, and of the University System. The Board of Governors shall take into account the need to avoid duplication of curriculum and programs at other campuses, particularly those within the same geographic area, unless the need for duplication is warranted. The Board of Governors shall seek recommendations, suggestions, and comments from community leaders, educational experts, and business leaders in defining the mission of the new campus. Particular focus shall be placed on utilizing the campus in a manner that addresses both the economic and educational challenges of the region in a unique and focused manner, such as in the areas of science, technology, education, and economic development.

(2) Cost. – The Board of Governors shall analyze the potential operating costs of the campus. Factors such as the mission, staff and faculty salaries, benefits, total faculty and staff levels, total projected student enrollment, facility needs, and tuition rates shall be taken into account.

(3) Facility Needs. – The Board of Governors shall consider what additional facility needs there may be, taking into account the proposed mission of the campus. Examples of those needs may be lab facility upgrades, new buildings to house an expanded student population, and associated infrastructure expansion.

(4) Asset Transfer. – The Board of Governors shall obtain legal and financial analyses to determine if there are any restrictions attached to any of the College's assets (title to property, gifts to endowment, assets purchased with restricted grant funds, etc.) that would prohibit the transfer of the assets to the State. If there are restrictions, then the analyses shall also include the steps necessary to lift the restrictions and the costs of obtaining a clear title.

(5) Liability Analysis. – The Board of Governors shall also obtain a legal analysis to determine whether there are pending liabilities against the campus or reasonably foreseeable future liabilities against the campus. If there are such liabilities, the legal analysis shall also address the action needed to avoid transfer of any liability to the State.

(6) Transition of Current Students/Programs. – The Board of Governors shall consider how best to handle the transition of the currently

enrolled student population, both on and off campus, into continuing or new curriculum programs during the conversion period.

(7) Personnel. – The Board of Governors shall assess the employment status of current personnel to determine what, if any, contractual and other employment issues may arise in the conversion.

(8) Legislative Action. – The Board of Governors shall determine the legislative action and statutory amendments needed to authorize and implement the conversion.

SECTION 9.4.(b) Of the funds available to the Board of Governors of The University of North Carolina, the sum of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year shall be used to conduct the study required by this act.

Senate Only

NORTH CAROLINA PROGRESS BOARD

SECTION 9.5.(a) G.S. 143B-372.1 reads as rewritten:

"**§ 143B-372.1. North Carolina Progress Board.**

(a) The North Carolina Progress Board is established. The Board shall be located administratively in the Board of Governors of The University of North Carolina and may be located at any constituent institution within The University of North Carolina, or at any institution to which it is invited formally, but shall exercise all its prescribed statutory powers independently of the Board of Governors or the institution at which it resides.

(b) The North Carolina Progress Board shall consist of 24 members of statewide prominence as follows:

~~(1) The Governor, ex officio;~~

(2) ~~Eight~~ Six persons appointed by the Governor, none of whom shall be State employees or officers;

(3) ~~Five~~ Six persons appointed by the Speaker of the House of Representatives, two of whom shall be members of the House of Representatives;

(4) ~~Five~~ Six persons appointed by the President Pro Tempore of the Senate, two of whom shall be members of the Senate; and

(5) ~~Five~~ Six persons appointed by the North Carolina Progress Board.

(c) ~~The Governor or the Governor's designee shall be chair of the North Carolina Progress Board.~~ The ~~Governor~~ Progress Board shall ~~appoint~~ elect a ~~vice-chair~~ chair from among the membership of the ~~North Carolina~~ Progress Board to serve at the pleasure of the ~~Governor.~~ Progress Board. The ~~North Carolina~~ Progress Board may elect ~~such other~~ any officers as it sees fit.

(d) The North Carolina Progress Board shall meet at least twice annually on the call of the chair or as additionally provided by the North Carolina Progress Board. A quorum is 12 members of the Board. Members may not send designees to board meetings, nor may they vote by proxy.

(e) Board appointments shall be for terms to begin July 1, 1999, with subsequent appointments to be made as terms expire or resignations occur. Of the Governor's appointments, two shall be for one-year terms, two shall be for two-year terms, two shall be for three-year terms, and two shall be for four-year terms. Of the appointments made by the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the North Carolina Progress Board, one member appointed by each shall be appointed for a one-year term, one member appointed by each shall be appointed for a two-year term, one member appointed by each shall be appointed for a three-year term, and two members appointed by each shall be appointed for a four-year term. As terms expire, successors shall be appointed for four-year terms.

(d1) Effective July 1, 2006, the initial term for the additional member appointed by the Speaker of the House of Representatives to the North Carolina Progress Board shall be for a four-year term to begin on July 1, 2006, and the initial term for the additional member appointed by the President Pro Tempore of the Senate to the North

Carolina Progress Board shall be for a four-year term to begin on July 1, 2006. The Governor shall not appoint any members on July 1, 2006, for four-year terms.

(f) No member may be appointed to more than two consecutive terms. A member of the House of Representatives appointed by the Speaker of the House vacates membership on the North Carolina Progress Board when that person is no longer a member of the House of Representatives, except that if that person is in office at the expiration of the term of office in the House of Representatives but has not been elected to the next term, that person shall continue to serve until the convening of the regular session. A member of the Senate appointed by the President Pro Tempore of the Senate vacates membership on the North Carolina Progress Board when that person is no longer a member of the Senate, except that if that person is in office at the expiration of the term of office in the Senate but has not been elected to the next term, that person shall continue to serve until the convening of the regular session."

SECTION 9.5.(b) G.S. 143B-372.3 reads as rewritten:

"**§ 143B-372.3. Staff.**

(a) ~~Upon the recommendation of the Board, the Governor~~ The Progress Board or its supporting nonprofit entity shall ~~appoint an Executive Director who shall serve at the pleasure of the Board and the Governor but, for administrative purposes, shall report to the Board of Governors of The University of North Carolina. The Executive Director shall report to the North Carolina Progress Board and the Governor. The Executive Director shall~~ hire or contract with support ~~staff, who shall work at the pleasure of the Executive Director.~~staff and obtain any other resources and take any other actions reasonably required to fulfill the duties of the Progress Board as set forth in G.S. 143B-372.2.

(b) The Office of State Budget and Management shall also provide support, information, reports, and other assistance to the North Carolina Progress Board as requested.

(c) Repealed by Session Laws 1999-237, s. 10.12(a)."

Senate and House Differ

Senate Version

Follows $

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION

SECTION 9.6. Article 9H of Chapter 90 of the General Statutes is amended by adding the following new sections to read:

"**§ 90-171.95. Graduate Nurse Scholarship Program for Faculty Production established; administration.**

(a) There is established the Graduate Nurse Scholarship Program for Faculty Production. The North Carolina Nursing Scholars Commission shall determine selection criteria, methods of selection, and shall select recipients of scholarship loans made under the Graduate Nurse Scholarship Program for Faculty Production.

(b) The Graduate Nurse Scholarship Program for Faculty Production shall be used to provide the following:

(1) A scholarship loan for up to two years in the amount of fifteen thousand dollars ($15,000) per year, per recipient, to students enrolled in a masters degree program in nursing education or any other area of the nursing field that would permit them to become a nursing instructor at a North Carolina community college or university.

(2) A scholarship loan for up to three years in the amount of fifteen thousand dollars ($15,000) per year, per recipient, to students enrolled in a doctoral degree program in nursing education or any other area of the nursing field that would permit them to become a nursing instructor at a North Carolina community college or university.

The State Education Assistance Authority shall adopt specific rules to regulate these scholarship loans.

(b1) If a recipient is awarded a scholarship loan under this program and is enrolled, or accepted for enrollment, in an eligible 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.

(c) The Commission shall adopt stringent standards, which may include minimum grade point average, scholastic aptitude test scores, and other standards deemed appropriate by the Commission, to ensure that only the best potential students receive loans under the Graduate Nurse Scholarship Program for Faculty Production. Standards adopted by the Commission shall include provisions for ensuring that the qualifications of applicants who are or would be nontraditional students are considered fairly in providing them with opportunities to compete for the loans. Loans under the Graduate Nurse Scholarship Program for Faculty Production shall be awarded only to

applicants who meet the standards set by the Commission and who agree to teach in a North Carolina public nursing program upon completion of the nursing education program supported by the loan.

(d) The Commission shall develop and administer the Graduate Nurse Scholarship Program for Faculty Production in cooperation with nursing schools at institutions approved by the Commission and the North Carolina Board of Nursing. The Graduate Nurse Scholarship Program for Faculty Production shall provide for participants to be exposed to a range of extracurricular activities while in school, which activities shall be aimed at instilling in students a strong motivation to remain in the practice of nursing education and to provide leadership for the nursing profession.

(e) The Commission may form regional review committees to assist it in identifying the best high school seniors and other applicants 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 nursing to apply for the Graduate Nurse Scholarship Program for Faculty Production.

(f) Upon the naming of recipients of loans from the Graduate Nurse Scholarship Program for Faculty Production, the Commission shall inform the State Education Assistance Authority (SEAA) of its decisions. The SEAA shall perform all of the administrative functions necessary to implement this Article, which functions shall include: rulemaking, dissemination of information to the public, distribution and receipt of applications for scholarship loans, and the functions necessary for the execution, payment, and enforcement of promissory notes required under this Article.

"**§ 90-171.96. Terms of loans; receipt and disbursement of funds.**

(a) All scholarship loans shall be evidenced by notes made payable to the State Education Assistance Authority that bear interest at the rate of ten percent (10%) per year beginning 90 days after completion of the nursing education program, or 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the standards set by the Commission.

(b) The State Education Assistance Authority shall forgive the loan if, within seven years after graduation from a nursing education program, the recipient teaches in a public nursing education program in a public educational institution in North Carolina for one year for every year a scholarship loan was provided. If the recipient repays the scholarship loan by cash payments, all indebtedness shall be repaid within 10 years. The Authority may provide for accelerated repayment and for less than full-time employment options to encourage the practice of nursing education in either geographic or nursing specialty shortage areas. The Authority shall adopt specific rules to designate these geographic areas and these nursing specialty shortage areas, upon recommendations of the North Carolina Center for Nursing. The North Carolina Center for Nursing shall base its recommendations on objective information provided by interested groups or agencies and upon objective information collected by the Center. The Authority may forgive the scholarship loan if it determines that it is impossible for the recipient to teach in a public nursing program in North Carolina for a sufficient time

to repay the loan because of the death or permanent disability of the recipient within 10 years following graduation or termination of enrollment in a nursing education program.

(c) All funds appropriated to or otherwise received by the Graduate Nurse Scholarship Program for Faculty Production 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 may be used only for scholarship loans granted under the Graduate Nurse Scholarship Program for Faculty Production."

House Version

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION

SECTION 9.6.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year, the sum of one million two hundred thousand dollars ($1,200,000) shall be used to establish the Graduate Nurse Scholarship Program for Faculty Production.

SECTION 9.6.(b) The allocation of funds under subsection (a) of this section is contingent upon the enactment of House Bill 2003 of the 2005 Regular Session of the General Assembly or substantially similar legislation that establishes the Graduate Nurse Scholarship Program for Faculty Production. If House Bill 2003 of the 2005 Regular Session of the General Assembly or substantially similar legislation that establishes the Graduate Nurse Scholarship Program for Faculty Production is not enacted, then the funds allocated under subsection (a) of this act shall revert to the General Fund.

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Senate Only

TRANSFERS OF APPROPRIATION

SECTION 9.8. G.S. 116-30.2(a) reads as rewritten:

"(a) All General Fund appropriations made by the General Assembly for continuing operations of a special responsibility constituent institution of The University of North Carolina shall be made in the form of a single sum to each budget code of the institution for each year of the fiscal period for which the appropriations are being made. Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), and G.S. 120-76(8), each special responsibility constituent institution may expend monies from the overhead receipts special fund budget code and the General Fund monies so appropriated to it in the manner deemed by the Chancellor to be calculated to maintain and advance the programs and services of the institutions, consistent with the directives and policies of the Board of Governors. Special responsibility constituent institutions may transfer appropriations between budget codes. These transfers shall be considered certified even if as a result of agreements between special responsibility constituent institutions. The preparation, presentation, and review of General Fund budget requests of special responsibility constituent institutions shall be conducted in the same manner as are requests of other constituent institutions. The quarterly allotment procedure established pursuant to G.S. 143-17 shall apply to the General Fund appropriations made for the current operations of each special responsibility constituent institution. All General Fund monies so appropriated to each special responsibility constituent institution shall be recorded, reported, and audited in the same manner as are General Fund appropriations to other constituent institutions."

Senate Only

NURSING SCHOLARS PROGRAM MODIFICATION

SECTION 9.9.(a) G.S. 90-171.61 reads as rewritten:

"**§ 90-171.61. Nursing Scholars Program established; administration.**

(a) There is established the Nursing Scholars Program. The North Carolina Nursing Scholars Commission shall determine selection criteria, methods of selection, and shall select recipients of scholarship loans made under the Nursing Scholars Program.

(b) The Nursing Scholars Program shall be used to provide the following:

(1) ~~A four-year scholarship loan~~Scholarship loans in ~~the amount~~amounts of up to ~~of five thousand dollars ($5,000)~~six thousand five hundred dollars ($6,500) per year, for each scholarship of no more than four years per recipient, to North Carolina ~~high school seniors or other persons~~residents interested in preparing to become a registered ~~nurse~~ nurses through ~~a~~ associate or baccalaureate degree ~~program.~~programs or through diploma programs.

~~(2) A two-year scholarship loan in the amount of three thousand dollars ($3,000) per year, per recipient, to persons interested in preparing to be a registered nurse through an associate degree nursing program or a diploma nursing program.~~

~~(3) A two-year scholarship loan in the amount of three thousand dollars ($3,000) per year, per recipient, for two years of baccalaureate nursing study for college juniors or community college graduates interested in preparing to be a registered nurse.~~

~~(4) A two-year scholarship loan of three thousand dollars ($3,000) per year, per recipient, for two years of baccalaureate study in nursing for registered nurses who do not hold a baccalaureate degree in nursing.~~

(5) ~~A two-year scholarship loan~~Scholarship loans of six thousand five hundred dollars ~~($6,000)~~($6,500) per year, per recipient, for two years of study leading to a master of science in nursing degree for ~~people~~ residents already holding a baccalaureate degree in nursing.

In ~~addition to the~~awarding scholarship loans ~~awarded~~ pursuant to subdivisions (1) ~~through~~ and (5) of this subsection, the Commission may award pro rata scholarship loans to recipients enrolled at least half-time in study to become registered nurses or to attain a master of science in nursing degree.~~in study leading to a master of science in nursing degree who already hold a baccalaureate degree in nursing and to recipients enrolled at least half-time in study leading to a baccalaureate degree in nursing who already are licensed as registered nurses.~~ In awarding all scholarship loans, the Commission shall give priority to full-time students over part-time students. The State Education Assistance Authority shall adopt specific rules to regulate scholarship loans to part-time ~~master of science in~~ nursing ~~students and part-time baccalaureate degree students.~~students.

Within current funds available or with any additional funds provided by the General Assembly for this purpose, the Commission may set aside slots for scholarship loans

prescribed by ~~subdivisions (1) and (2)~~ subdivision (1) of this subsection to enable licensed practical nurses to become registered nurses. The State Education Assistance Authority shall adopt specific rules to regulate these scholarship loans.

(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.

(c) The Commission shall adopt stringent standards, which may include minimum grade point average, scholastic aptitude test scores, and other standards deemed appropriate by the Commission, to ensure that only the best potential students receive and retain loans under the Nursing Scholars Program. Standards adopted by the Commission shall include provisions for ensuring that the qualifications of applicants who are or would be nontraditional students are considered fairly in providing them with opportunities to compete for the loans. Loans under the Nursing Scholars Program shall be awarded only to applicants who meet the standards set by the Commission and who agree to practice nursing in North Carolina upon completion of the nursing education program supported by the loan.

(d) The Commission shall develop and administer the Nursing Scholars Program in cooperation with nursing schools at institutions approved by the Commission and the North Carolina Board of Nursing. The Nursing Scholars Program shall provide for participants to be exposed to a range of extracurricular activities while in school, which activities shall be aimed at instilling in students a strong motivation to remain in the practice of nursing and to provide leadership for the nursing profession.

(e) The Commission may form regional review committees within North Carolina to assist it in identifying the best high school seniors and other applicants 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 nursing to apply for the Nursing Scholars Program.

(f) Upon the naming of recipients of loans from the Nursing Scholars Program, the Commission shall inform the State Education Assistance Authority (SEAA) of its decisions. The SEAA shall perform all of the administrative functions necessary to implement this Article, which functions shall include: rule-making, dissemination of information to the public, distribution and receipt of applications for scholarship loans, and the functions necessary for the execution, payment, and enforcement of promissory notes required under this Article."

SECTION 9.9.(b) This section applies to all scholarship loans awarded or renewed on or after July 1, 2006.

Senate Only

UNC BOARD OF GOVERNORS MEDICAL AND DENTAL SCHOLARSHIPS

SECTION 9.10.(a) Section 9.9(a) of S.L. 2005-276 reads as rewritten:

"**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. An extension of the seven-year period for satisfaction of the service requirements for the scholarship loan may be granted subject to the approval on the finding of extenuating circumstances by the State Education Assistance Authority. Such extenuating circumstances may include, but are not be limited to, participation in a dental residency program. 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 9.10.(b) Section 9.10(a) reads as rewritten:

"**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. An extension of the seven-year period for satisfaction of the service requirements of the scholarship loan may be granted subject to the approval of the State Education Assistance Authority. Such extenuating circumstances may include, but not be limited to, participation in a medical residency program. 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.(c) This section is effective when it becomes law and applies to all scholarship loans issued after July 1, 2005.

Senate Only

NC SCHOOL OF SCIENCE AND MATH/HIGH SCHOOL CONSTITUENT INSTITUTION

SECTION 9.11.(a) G.S. 116-2 reads as rewritten:

"**§ 116-2. Definitions.**

As used in this Article, unless the context clearly indicates a contrary intent:

(1) "Board" means the Board of Governors of the University of North Carolina.

(2) "Board of trustees" means the board of trustees of a constituent institution.

(3) "Chancellor" means the chancellor of a constituent institution.

(4) "Constituent institution" or "institution" means one of the 16 public ~~senior institutions;~~ institutions of higher education, to wit, the University of North Carolina at Chapel Hill, North Carolina State University at Raleigh, the University of North Carolina at Greensboro, the University of North Carolina at Charlotte, the University of North Carolina at Asheville, the University of North Carolina at Wilmington, 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, Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University, and Winston-Salem State ~~University.~~University, and the constituent high school, the North Carolina School of Science and Mathematics.

(5) "President" means the President of the University of North Carolina.

(6) "Vending facilities" has the same meaning as it does in G.S. 143-12.1."

SECTION 9.11.(b) G.S. 116-4 reads as rewritten:

"**§ 116-4. Constituent institutions of the University of North Carolina.**

~~On July 1, 1972, the~~ The University of North Carolina shall be composed of the following ~~institutions:~~institutions of higher education: the University of North Carolina at Chapel Hill, North Carolina State University at Raleigh, the University of North Carolina at Greensboro, the University of North Carolina at Charlotte, the University of North Carolina at Asheville, the University of North Carolina at Wilmington, 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, Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University and Winston-Salem State ~~University.~~University, and the constituent high School, the North Carolina School of Science and Mathematics."

SECTION 9.11.(c) G.S. 116-12 reads as rewritten:

"**§ 116-12. Property and obligations.**

All property of whatsoever kind and all rights and privileges held by the Board of Higher Education and by the Boards of Trustees of 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, Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University and Winston-Salem State University, as said property, rights and privileges may exist immediately prior to July 1, 1972, shall be, and hereby are, effective July 1, 1972, transferred to and vested in the Board of Governors of the University of North Carolina. All obligations of whatsoever kind of the Board of Higher Education and of the Boards of Trustees of 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, Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University and Winston-Salem State University, as said obligations may exist immediately prior to July 1, 1972, shall be, and the same hereby are, effective July 1, 1972, transferred to and assumed by the Board of Governors of the University of North Carolina. Any property, real or personal, held immediately prior to July 1, 1972, by a board of trustees of a constituent institution for the benefit of that institution or by the University of North Carolina for the benefit of any one or more of its six institutions, shall from and after July 1, 1972, be kept separate and distinct from other property held by the Board of Governors, shall continue to be held for the benefit of the institution or institutions that were previously the beneficiaries and shall continue to be held subject to the provisions of the respective instruments, grants or other means or process by which any property right was acquired. All property of whatsoever kind and all rights and privileges held by the Board of Trustees of the North Carolina School of Science and Mathematics, as said property, rights and privileges may exist immediately prior to July 1, 2007, shall be and hereby are, effective July 1, 2007, transferred to and vested in the Board of Governors of The University of North Carolina. All obligations of whatsoever kind of the Board of Trustees of the North Carolina School of Science and Mathematics as said obligations may exist immediately prior to July 1, 2007, shall be, and the same hereby are, effective July 1, 2007, transferred to and assumed by the Board of Governors of The University of North Carolina. In case a conflict arises as to which property, rights or privileges were held for the beneficial interest of a particular institution, or as to the extent to which such property, rights or privileges were so held, the Board of Governors shall determine the issue, and the determination of the Board shall constitute final administrative action. Nothing in this Article shall be deemed to increase or diminish the income, other revenue or specific property which is pledged, or otherwise hypothecated, for the security or liquidation of any obligations, it being the intent that the Board of Governors shall assume said obligations without thereby either enlarging or diminishing the rights of the holders thereof."

SECTION 9.11.(d) G.S. 116-17 reads as rewritten:

"§ 116-17. **Purchase of annuity or retirement income contracts for faculty members, officers and employees.**

Notwithstanding any provision of law relating to salaries and/or salary schedules for the pay of faculty members, administrative officers, or any other employees of universities, ~~colleges~~ colleges, constituent institutions, and other institutions of higher learning as named and set forth in this Article, and other State agencies qualified as educational institutions under section 501(c)(3) of the United States Internal Revenue Code, the governing boards of any such universities, ~~colleges~~ colleges, constituent institutions, and other institutions of higher learning may authorize the business officer or agent of same to enter into annual contracts with any of the faculty members, administrative officers and employees of said institutions ~~of higher learning~~ which provide for a reduction in salary below the total established compensation or salary schedule for a term of one year. The financial officer or agent shall use the funds derived from the reduction in the salary of the faculty member, administrative officer or employee to purchase a nonforfeitable annuity or retirement income contract for the benefit of said faculty member, administrative officer or employee of said universities, colleges and ~~institutions of higher learning~~ institutions. A faculty member, administrative officer or employee who has agreed to a salary reduction for this purpose shall not have the right to receive the amount of the salary reduction in cash or in any other way except the annuity or retirement income contract. Funds used for the purchase of an annuity or retirement income contract shall not be in lieu of any amount earned by the faculty member, administrative officer or employee before his election for a salary reduction has become effective. The agreement for salary reductions referred to herein shall be effected under any necessary regulations and procedures adopted by the various governing boards of the various institutions ~~of higher learning~~ and on forms prepared by said governing boards. Notwithstanding any other provision of this section or law, the amount by which the salary of any faculty member, administrative officer or employee is reduced pursuant to this section shall not be excluded, but shall be included, in computing and making payroll deductions for social security and retirement system purposes, and in computing and providing matching funds for retirement system purposes.

In lieu of the annuity and related contracts provided for under this section, interests in custodial accounts pursuant to Section 401(f), Section 403(b)(7), and related sections of the Internal Revenue Code of 1986 as amended may be purchased for the benefit of qualified employees under this section with the funds derived from the reduction in the salaries of such employees."

SECTION 9.11.(e) The catch line of G.S. 116-30.2 reads as rewritten:

"**§ 116-30.2. Appropriations to special responsibility constituent ~~institutions and to the North Carolina School of Science and Mathematics.~~institutions.**"

SECTION 9.11.(f) G.S. 116-30.2(b) is repealed.

SECTION 9.11.(g) G.S. 116-31(d) reads as rewritten:

"(d) ~~Effective~~ Except as provided in G.S. 116-65, effective July 1, 1973, each of the 16 ~~constituent~~ institutions of higher education set out in G.S. 116-2(4) shall have board of trustees composed of 13 persons chosen as follows:

(1) Eight elected by the Board of Governors,
(2) Four appointed by the Governor, and
(3) The president of the student government ex officio.

The Board of Trustees of the North Carolina School of Science and Mathematics shall be established in accordance with G.S. 116-233."

SECTION 9.11.(h) G.S. 116-40.22(c) reads as rewritten:

"(c) Tuition and Fees. – Notwithstanding any provision in Chapter 116 of the General Statutes to the contrary, in addition to any tuition and fees set by the Board of Governors pursuant to G.S. 116-11(7), the Board of Trustees of the institution may recommend to the Board of Governors tuition and fees for program-specific and institution-specific needs at that institution without regard to whether an emergency situation exists and not inconsistent with the actions of the General Assembly. The institution shall retain any tuition and fees set pursuant to this subsection for use by the institution. Notwithstanding this subsection, neither the Board of Governors of The University of North Carolina nor its Board of Trustees shall impose any tuition or mandatory fee at the North Carolina School of Science and Mathematics without the approval of the General Assembly."

SECTION 9.11.(i) G.S. 116-143 reads as rewritten:

"**§ 116-143. State-supported institutions of higher education required to charge tuition and fees.**

The Board of Governors of ~~the~~ The University of North Carolina shall fix the tuition and fees, not inconsistent with actions of the General Assembly, at the institutions of higher education 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. Notwithstanding this section, neither the Board of Governors of The University of North Carolina nor its Board of Trustees shall impose any tuition or mandatory fee at the North Carolina School of Science and Mathematics without the approval of the General Assembly.

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~~ 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~~ 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~~ The University of North Carolina may during the period of normal employment enroll for not more than one course per semester in ~~the~~ 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 9.11.(j) G.S. 116-230.1 reads as rewritten:

"**§ 116-230.1. Policy.**

It is hereby declared to be the policy of the State to foster, encourage, promote, and provide assistance in the development of skills and careers in science and mathematics among the people of the State."

SECTION 9.11.(k) G.S. 116-231 reads as rewritten:

"**§ 116-231. Reestablishment of the North Carolina School of Science and Mathematics as ~~an Affiliated School~~a Constituent High School of The University of North Carolina.**

The North Carolina School of Science and Mathematics is hereby reestablished, as ~~an affiliated~~a constituent high school of The University of North Carolina, and shall be governed by the Board of Governors as prescribed in this Chapter and a Board of Trustees as prescribed in this Article."

SECTION 9.11.(l) G.S. 116-232 reads as rewritten:

"**§ 116-232. Purposes.**

The purposes of the School shall be to foster the educational development of North Carolina high school students who are academically talented in the areas of science and mathematics and show promise of exceptional development and global leadership through participation in a residential educational setting emphasizing instruction in the areas of science and mathematics; ~~to develop, evaluate, and disseminate experimental instructional programs; and to serve all schools of the State through research and outreach activities.~~and to provide instruction, methods, and curricula designed to improve teaching and learning in North Carolina and the nation with an emphasis on distance education and programs that expand pathways for students into careers in science and mathematics."

SECTION 9.11.(m) The introductory language of G.S. 116-233(a) reads as rewritten:

"(a) ~~There~~ Notwithstanding the provisions of G.S. 116-31(d), there shall be a Board of Trustees of the School, which shall consist of 27 members as follows:

..."

SECTION 9.11.(n) G.S. 116-234 reads as rewritten:

"**§ 116-234. Board of Trustees; meetings; rules of procedure; officers.**

(a) The Board of Trustees shall meet at least ~~four~~ three times a year and may hold special meetings at any time, at the call of the chairman or upon petition addressed to the chairman by at least four of the members of the Board.

(b) ~~The~~ Notwithstanding the provisions of G.S. 116-32, the Board of Trustees shall elect a chairman and a vice-chairman; no ex officio member may hold such an office.

(c) The Board of Trustees shall determine its own rules of procedure and may delegate to such committees as it may create such of its powers as it deems appropriate.

(d) Members of the Board of Trustees, other than ex officio members under G.S. 116-233(a)(3), shall receive such per diem compensation and necessary travel and subsistence expenses while engaged in the discharge of their official duties as is provided by law for members of State boards and commissions. Ex officio members under G.S. 116-233(a)(3) shall be reimbursed for travel expenses as provided by G.S. 138-6."

SECTION 9.11.(o) The catch line of G.S. 116-235 reads as rewritten:

"**§ 116-235. Board of Trustees; additional powers and duties.**"

SECTION 9.11.(p) G.S. 116-235 is amended by adding a new subsection to read:

"(a) In addition to the powers enumerated in Chapter 116, Article I, Part 3, the Board of Trustees shall have the powers and duties set out in this section."

SECTION 9.11.(q) G.S. 116-235(a) reads as rewritten:

"~~(a)~~(a1) Academic Program. –

(1) The Board of Trustees shall establish the standard course of study for the School. This course of study shall set forth the subjects to be taught in each grade and the texts and other educational materials on each subject to be used in each grade.

(2) The Board of Trustees shall adopt regulations governing class size, the instructional calendar, the length of the instructional day, and the number of instructional days in each term."

SECTION 9.11.(r) G.S. 116-235(b) reads as rewritten:

"(b) Students. –

(1) Admission of Students. – The School shall admit students in accordance with criteria, standards, and procedures established by the Board of Trustees. To be eligible to be considered for admission, an applicant must be either a legal resident of the State, as defined by G.S. 116-143.1(a)(1), or a student whose parent is an active duty member of the armed services, as defined by G.S. 116-143.3(2), who is abiding in this State incident to active military duty at the time the application is submitted, provided the student shares the abode of that parent; eligibility to remain enrolled in the School shall terminate at the end of any school year during which a student becomes a nonresident of the State. The Board of Trustees shall ensure, insofar as possible without jeopardizing admission standards, that an equal number of qualified ~~rising high school juniors~~applicants is admitted to the program and to the residential summer institutes in science and mathematics from each of North Carolina's congressional districts. In no event shall the differences in the number of ~~rising high school~~

~~juniors~~qualified applicants offered admission to the program from each of North Carolina's congressional districts be more than two and one-half percentage points from the average number per district who are offered admission.

(2) School Attendance. – Every parent, guardian, or other person in this State having charge or control of a child who is enrolled in the School and who is less than 16 years of age shall cause such child to attend school continuously for a period equal to the time which the School shall be in session. No person shall encourage, entice, or counsel any child to be unlawfully absent from the School. Any person who aids or abets a student's unlawful absence from the School shall, upon conviction, be guilty of a Class 1 misdemeanor. The ~~Director~~ Chancellor of the School shall be responsible for implementing such additional policies concerning compulsory attendance as shall be adopted by the Board of Trustees, including regulations concerning lawful and unlawful absences, permissible excuses for temporary absences, maintenance of attendance records, and attendance counseling.

(3) Student Discipline. – Rules of conduct governing students of the School shall be established by the Board of Trustees. The ~~Director,~~Chancellor, other administrative officers, and all teachers, substitute teachers, voluntary teachers, teacher aides and assistants, and student teachers in the School may use reasonable force in the exercise of lawful authority to restrain or correct pupils and maintain order.

SECTION 9.11.(s) G.S. 116-235(c) through G.S. 116-235(h) is repealed.

SECTION 9.11.(t) G.S. 116-236 is repealed.

SECTION 9.11.(u) G.S. 116-237 is repealed.

SECTION 9.11.(v) G.S. 116-238 is repealed

SECTION 9.11.(w) G.S.66-58(c)(3) reads as rewritten:

"(c) The provisions of subsection (a) shall not prohibit:

...

(3) The business operation of endowment funds established for the purpose of producing income for educational purposes; for purposes of this section, the phrase "operation of endowment funds" shall include the operation by ~~public postsecondary educational~~constituent institutions of The University of North Carolina of campus stores, the profits from which are used exclusively for awarding scholarships to defray the expenses of students attending the institution; provided, that the operation of the stores must be approved by the board of trustees of the institution, and the merchandise sold shall be limited to educational materials and supplies, gift items and miscellaneous personal-use articles. Provided further that, notwithstanding this subsection, profits from a campus store operated by the endowment of the North Carolina

School of Science and Mathematics are used exclusively for student activities, athletics, and other programs to enhance student life. Provided further that sales at campus stores are limited to employees of the institution and members of their immediate families, to duly enrolled students of the campus at which a campus store is located and their immediate families, to duly enrolled students of other campuses of the University of North Carolina other than the campus at which the campus store is located, to other campus stores and to other persons who are on campus other than for the purpose of purchasing merchandise from campus stores. It is the intent of this subdivision that campus stores be established and operated for the purpose of assuring the availability of merchandise described in this Article for sale to persons enumerated herein and not for the purpose of competing with stores operated in the communities surrounding the campuses of the University of North Carolina."

SECTION 9.11.(x) G.S. 66-58(g) is repealed.

SECTION 9.11.(y) G.S. 126-5(c1)(8) reads as rewritten:

"(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

...

(8) Instructional and research staff, physicians, and dentists of The University of North ~~Carolina~~ Carolina, including the faculty of the North Carolina School of Science and Mathematics.

..."

SECTION 9.11.(z) G.S. 126-5(c1)(11) is repealed.

SECTION 9.11.(aa) The catch line of G.S. 135-5.1 reads as rewritten:

"**§ 135-5.1. Optional retirement program for ~~State institutions of higher education.~~The University of North Carolina.**"

SECTION 9.11.(bb) G.S. 135-5.1(a) reads as rewritten:

"(a) An Optional Retirement Program provided for in this section is authorized and established and shall be implemented by the Board of Governors of The University of North Carolina. The Optional Retirement Program shall be underwritten by the purchase of annuity contracts, which may be both fixed and variable contracts or a combination thereof, or financed through the establishment of a trust, for the benefit of participants in the Program. Participation in the Optional Retirement Program shall be limited to ~~university~~ University personnel who are eligible for membership in the Teachers' and State Employees' Retirement Program and who are:

(1) Administrators and faculty of The University of North Carolina with the rank of instructor or above;

(2) The President and employees of The University of North Carolina who are appointed by the Board of Governors on recommendation of the President pursuant to G.S. 116-11(4), 116-11(5), and 116-14 or who are appointed by the Board of Trustees of a constituent institution of

The University of North Carolina upon the recommendation of the Chancellor pursuant to G.S. 116-40.22(b);

(3) Nonfaculty instructional and research staff who are exempt from the State Personnel Act, as defined by the provisions of G.S. ~~126-5(c1)(8);~~126-5(c1)(8), and the faculty of the North Carolina School of Science and Mathematics; and

(4) Field faculty of the Cooperative Agriculture Extension Service, and tenure track faculty in North Carolina State University agriculture research programs who are exempt from the State Personnel Act and who are eligible for membership in the Teachers' and State Employees' Retirement System pursuant to G.S. 135-3(1), who in any of the cases described in this subsection (i) had been members of the Optional Retirement Program under the provisions of Chapter 338, Session Laws of 1971, immediately prior to July 1, 1985, or (ii) have sought membership as required in subsection (b), below. Under the Optional Retirement Program, the State and the participant shall contribute, to the extent authorized or required, toward the purchase of such contracts or deposited in such trust on the participant's behalf."

SECTION 9.11.(cc) G.S. 143-597(a) is amended by adding a new subdivision to read:

"(7) The North Carolina School of Science and Mathematics."

SECTION 9.11.(dd) This section becomes effective July 1, 2007. Subsection (bb) of this section applies only to eligible persons who are employees as of July 1, 2007, or who are employed thereafter.

Senate Only

EXPAND TUITION WAIVER PROGRAM FOR UNC FACULTY & STAFF

SECTION 9.12. G.S. 116-143 reads as rewritten:

"**§ 116-143. State-supported institutions of higher education required to charge tuition and fees.**

(a) 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.

(b) 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.

(c) 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.

(d) 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~~ three courses per ~~semester~~ year 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."

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Senate Version

TUITION AND CONTRACTUAL GRANTS FOR TEACHING/NURSING

SECTION 9.13.(a) G.S. 116-19 reads as rewritten:

"**§ 116-19. Contracts with private institutions to aid North Carolina ~~students;~~students and licensure students; reporting requirement.**

(a) In order to encourage and assist private institutions to continue to educate North Carolina ~~students,~~students and licensure students, the State Education Assistance Authority may enter into contracts with the institutions under the terms of which an institution receiving any funds that may be appropriated pursuant to this section would agree that, during any fiscal year in which such funds were received, the institution would provide and administer scholarship funds for needy North Carolina students and licensure students in an amount at least equal to the amount paid to the institution, pursuant to this section, during the fiscal year. Under the terms of the contracts the State Education Assistance Authority would agree to pay to the institutions, subject to the availability of funds, a fixed sum of money for each North Carolina student and licensure student enrolled at the institutions for the regular academic year, said sum to be determined by appropriations that might be made from time to time by the General Assembly pursuant to this section. Funds appropriated pursuant to this section shall be paid by the State Education Assistance Authority to an institution on certification of the institution showing the number of North Carolina students and licensure students enrolled at the institution as of October 1 of any year for which funds may be appropriated. For purposes of this subsection, "needy North Carolina ~~students"~~students and licensure students" are those eligible students and licensure students who have financial need as determined by the institution under the institutional methodology or the federal methodology as defined by the State Education Assistance Authority. For purposes of this subsection, "institutional methodology" means a need-analysis formula, developed by College Scholarship Service, that determines the student's ~~and~~ or licensure student's and his or her family's capacity to pay for postsecondary education each year.

(b) The State Education Assistance Authority shall document the number of full-time equivalent North Carolina undergraduate students and full-time and less than full-time licensure students that are enrolled in off-campus programs and the State funds collected by each institution pursuant to G.S. 116-19 for those students. The State Education Assistance Authority shall also document the number of scholarships and the amount of the scholarships that are awarded under G.S. 116-19 to students and licensure students enrolled in off-campus programs. An "off-campus program" is any program offered for degree credit away from the institution's main permanent campus.

The State Education Assistance Authority shall include in its annual report to the Joint Legislative Education Oversight Committee the information it has compiled and its findings regarding this program."

SECTION 9.13.(b) G.S. 116-20 reads as rewritten:

"**§ 116-20. Scholarship and contract terms; base period.**

In order to encourage and assist private institutions to educate additional numbers of North Carolinians, the Board of Governors of the University of North Carolina is hereby authorized to enter into contracts within the institutions under the terms of which an institution receiving any funds that may be appropriated pursuant to this section would agree that, during any fiscal year in which such funds were received, the institution would provide and administer scholarship funds for needy North Carolina students and licensure students in an amount at least equal to the amount paid to the institution, pursuant to this section, during the fiscal year. Under the terms of the contracts the Board of Governors of the University of North Carolina would agree to pay to the institutions, subject to the availability of funds, a fixed sum of money for each North Carolina student and licensure student enrolled as of October 1 of any year for which appropriated funds may be available, over and above the number of North Carolina students enrolled in that institution as of October 1, 1997, which shall be the base date for the purpose of this calculation. Funds appropriated pursuant to this section shall be paid by the State Education Assistance Authority to an institution upon recommendation of the Board of Governors of the University of North Carolina and on certification of the institution showing the number of North Carolina students and licensure students enrolled at the institution as of October 1 of any year for which funds may be appropriated over the number enrolled on the base date. In the event funds are appropriated for expenditure pursuant to this section and funds are also appropriated, for the same fiscal year, for expenditure pursuant to G.S. 116-19, students and licensure students who are enrolled at an institution in excess of the number enrolled on the base date may be counted under this section for the purpose of calculating the amount to be paid to the institution, but the same students and licensure students may also be counted under G.S. 116-19, for the purpose of calculating payment to be made under that section."

SECTION 9.13.(c) G.S. 116-21.1 reads as rewritten:

"**§ 116-21.1. Financial aid for North Carolina students and licensure students attending private institutions of higher education in North Carolina.**

(a) Funds shall be appropriated each fiscal year in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for aid to institutions and shall be disbursed in accordance with the provisions of G.S. 116-19, 116-21, and 116-22.

(b) The funds appropriated in compliance with this section shall be placed in a separate, identifiable account in each eligible institution's budget or chart of accounts. All funds in the account shall be provided as scholarship funds for needy North Carolina students and licensure students during the fiscal year. Each student and licensure student awarded a scholarship from this account shall be notified of the source of the funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be available for the tuition grant program as defined in G.S. 116-21.2."

SECTION 9.13.(d) G.S. 116-21.2 reads as rewritten:

"**§ 116-21.2. Legislative tuition grants to aid students and licensure 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~~ persons 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 full-time undergraduate student as provided by this subsection.

(a1) The legislative tuition grant provided by this section shall also be granted to each full-time licensure student who is enrolled in a program intended to result in a license in teaching or nursing at an approved institution. The legislative tuition grant provided by this section shall be awarded on a pro rata basis to any licensure student who is enrolled less than full-time in a program intended to result in a license in teaching or nursing at an approved institution. The legislative tuition grant and prorated legislative tuition grant authorized under this subsection shall be paid for undergraduate courses only.

(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 or licensure student applying for the grant is ~~an eligible student.~~eligible. 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.~~student or licensure 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. If a licensure student on whose behalf a prorated grant has been paid in accordance with subsection (a1) of this section is not enrolled in the undergraduate class 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 licensure students and credited grants paid on behalf of ~~the students.~~them.

(d) In the event there are not sufficient funds to provide each eligible student or licensure student with a full ~~grant:~~grant as provided by subsection (a) of this section or a full or a prorated grant as provided by subsection (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)~~ (a), (a1), and (b) of this section; and

(2) Each eligible student and licensure 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."

SECTION 9.13.(e) G.S. 116-21.3 reads as rewritten:

"**§ 116-21.3. Legislative tuition grant limitations.**

(a) For purposes of this section, an "off-campus program" is any program offered for degree credit away from the institution's main permanent campus.

(b) No legislative tuition grant funds shall be expended for a program at an off-campus site of a private institution, as defined in G.S. 116-22(1), established after May 15, 1987, unless (i) the private institution offering the program has previously notified and secured agreement from other private institutions operating degree programs in the county in which the off-campus program is located or operating in the counties adjacent to that county or (ii) the degree program is neither available nor planned in the county with the off-campus site or in the counties adjacent to that county.

(c) Any member of the armed services, as defined in G.S. 116-143.3(a), abiding in this State incident to active military duty, who does not qualify as a resident for tuition purposes, as defined under G.S. 116-143.1, is eligible for a legislative tuition grant pursuant to this section if the member is enrolled as a full-time ~~student.~~undergraduate student or as a licensure student. The member's legislative tuition grant shall not exceed the cost of tuition less any tuition assistance paid by the member's employer.

(d) A legislative tuition grant authorized under ~~G.S. 116-21.2~~ G.S. 116-21.2(a) shall be reduced by twenty-five percent (25%) for any individual student who has completed 140 semester credit hours or the equivalent of 140 semester credit hours."

SECTION 9.13.(f) G.S. 116-21.4(b) reads as rewritten:

"(b) Expenditures made pursuant to G.S. 116-19, 116-20, 116-21.1, or 116-21.2 shall not be used for any student or licensure student who:

(1) Is incarcerated in a State or federal correctional facility for committing a Class A, B, B1, or B2 felony; or

(2) Is incarcerated in a State or federal correctional facility for committing a Class C through I felony and is not eligible for parole or release within 10 years."

SECTION 9.13.(g) G.S. 116-22 is amended by adding a new subdivision to read:

"(1b) 'Licensure student' shall mean a person who:

a. Has a bachelors degree;

b. Is enrolled either full-time or less than full-time in a program intended to result in licensure in teaching or nursing;

c. Attends an institution located in the State; and

d. Qualifies as a resident of North Carolina in accordance with definitions of residency that may from time to time be adopted by the Board of Governors of The University of North Carolina and published in the residency manual of the Board."

$ in Money Report but legislation must pass

House Version

TUITION AND CONTRACTUAL GRANTS FOR TEACHING/NURSING

SECTION 9.13.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year, the sum of one million five hundred thousand dollars ($1,500,000) shall be used to implement the provisions of House Bill 1928 of the 2005 Regular Session of the General Assembly, Senate Bill 1476 of the 2005 Regular Session of the General Assembly, or substantially similar legislation to provide State Contractual Scholarship Fund grants and legislative tuition grants for students who have bachelors degrees but are pursuing licensure as nurses or teachers.

SECTION 9.13.(b) The allocation of funds under subsection (a) of this section is contingent upon the enactment of House Bill 1928 of the 2005 Regular Session of the General Assembly, Senate Bill 1476 of the 2005 Regular Session of the General Assembly, or substantially similar legislation that provides State Contractual Scholarship Fund grants and legislative tuition grants for students who have bachelors degrees but are pursuing licensure as nurses or teachers. If House Bill 1928 of the 2005 Regular Session of the General Assembly, Senate Bill 1476 of the 2005 Regular Session of the General Assembly, or substantially similar legislation that provides State Contractual Scholarship Fund grants and legislative tuition grants for students who have bachelors degrees but are pursuing licensure as nurses or teachers is not enacted, then the funds allocated under subsection (a) of this act shall revert to the General Fund.

House Only

NORTH CAROLINA RESEARCH CAMPUS AT KANNAPOLIS

SECTION 9.14.(a) The Director of the Office of State Budget and Management shall not release funds appropriated in this act to the Board of Governors of The University of North Carolina for the North Carolina Research Campus (NCRC) at Kannapolis until the President of The University of North Carolina certifies to the Director that The University System and the developers of NCRC have entered into a Memorandum of Understanding concerning the participation in and use of space at the North Carolina Research Campus that is approved by the President.

SECTION 9.14.(b) The Director of the Office of State Budget and Management shall not release funds appropriated in this act to the North Carolina Community Colleges System Office for the North Carolina Research Campus (NCRC) at Kannapolis until the President of the North Carolina Community College System certifies to the Director that the Community College System and the developers of NCRC have entered into a Memorandum of Understanding concerning the participation in and use of space at the North Carolina Research Campus that is approved by the President.